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Policy Review

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MILTON FRIEDMAN

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On Standing Up to the Russians in Africa
ROBERT MOSS

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Inside Policy Review

MILTON FRIEDMAN, a Nobel Laureate in Economics, is a Senior Research Fellow at the Hoover Institution, Stanford and a professor at the University of Chicago. He is the author of many books, including *Capitalism and Freedom*; he is also a former president of the American Economic Association. Dr. Friedman recently addressed a joint conference of the National Tax Limitation Committee and the American Legislative Exchange Council; this article, based upon that speech, was written with the assistance of Robert L. Schuettinger.

In *Policy Review,* Dr. Friedman examines the Jarvis-Gann Amendment, Proposition 13, passed in California on June 6, 1978, calling it "a stop-gap measure to hold back the tide" of government spending.

Although the Jarvis-Gann Amendment has defects—it does cut taxes and, says Dr. Friedman, "I am in favor of cutting taxes under any circumstance, for whatever excuse, for whatever reason." This amendment will not, he predicts, produce the dire effects threatened by its opponents, such as the dismissal of thousands of firemen and policemen. In fact, California's surplus revenue of at least $3 billion will offset the loss of $7 billion resulting from Proposition 13; the remaining $4 billion is roughly only 10 percent of projected spending for the next fiscal year.

The New York Times reported on July 1, 1978 (p. 6) that the cuts in spending would not be nearly so severe as predicted by alarmed public officials; it is most likely that schools and local governments will face a cut of 9.7 percent. In addition, the politicians seem to have substantially underestimated next year's surplus; it may well be $4 billion. The charge that Proposition 13 was racist also seems hard to sustain now that we know that 42 percent of black Californians voted for it.

(Dr. Friedman's article was made available to the press in preprint form on June 7 and excerpts from it have been published in over 40 newspapers, including *The Sacramento Union, The Detroit News, The Chicago Tribune, The Cincinnati Enquirer, The Los Angeles Herald-Examiner, The Denver Post,* and *The Boston Globe.)*

PETER VANNEMAN and MARTIN JAMES are writing a book on Soviet policy in Africa. Dr. Vanneman was a visiting fellow at the George F. Kennan Institute for Advanced Russian Studies at the Smithsonian Institute in 1977; he is currently the Chairman of the Department of Political Science at the University of Arkansas. He is the author of the new book, *The Supreme Soviet: Politics and the Legislative Process in the Soviet Political System* (Duke University Press) and of numerous journal articles. Mr. James is a PhD candidate at The Catholic University of America and a Research Assistant to Senator Henry Bellmon. He is the author of several articles on African affairs.

In *Policy Review,* the authors analyze "a new post-detente Soviet foreign policy grounded in an altered perception of the correlation of forces on the globe and a deepening internal economic crisis," which they see as the basis for the massive Soviet intervention in the Horn of Africa.

The authors view the Brezhnev Doctrine (now a part of the Soviet Constitution) with its assumption of the unilateral right to protect the "progressive" character of any regime from "imperialism" as an "exceedingly

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dangerous motivation." This doctrine has served to justify Soviet intervention in Ethiopia, Zaire, Rhodesia, Angola, and numerous other nations.

Examining Soviet intervention in Africa (especially in the Horn) the authors perceive an attempt to boost Russia's sagging economy by gaining access to natural resources and raw materials and denying access to these resources to the West and China.

MARTIN ANDERSON is a Senior Fellow of the Hoover Institution of Stanford University. He is the author of *The Federal Bulldozer* and of the newly-published *Welfare: The Political Economy of Welfare Reform* (Hoover Press). The article here (especially written for *Policy Review*) is based upon research in that book; Dr. Anderson points out that President Carter's welfare reform plan failed largely because the Congress realized that 94 percent of the people who would receive benefits under that plan were earning over $5,000 a year; many of the proposed recipients had incomes over $15,000 a year.

B. BRUCE-BRIGGS currently writes editorials for *The Wall Street Journal* and is editing a collection of essays on "the New Class." His latest book is *The War Against the Automobile;* he has also contributed to *The New York Times Magazine* and other journals.

In this article, Mr. Bruce-Briggs discusses the origins and limitations of policy analysis, a disinterested approach to defining costs and benefits of various government activities. As an example, he examines the federally sponsored day care controversy from a policy analysis viewpoint and concludes that the need for these centers is exaggerated, that their positive effects are dubious and that costs for them are incredibly expensive. Mr. Bruce-Briggs maintains "When used properly, policy analysis can serve the function of a shock absorber on a car—the wheel still bounces, but in a more controlled and predictable fashion. Policy analysis helps, but interest and ideology override—but we knew that already."

JEFFREY ST. JOHN is a syndicated columnist for the Panax Newspapers, radio broadcast news commentator for the Mutual Broadcasting System, the chief correspondent for the network's weekly news interview program "Reporter's Roundup" and the editor of Mutual's daily economic report "Impact of the World Today." He is the author of several published works on national and international affairs.

For three years he was a CBS "Spectrum" commentator and was the business correspondent for the NBC-TV "Today" show. He has contributed to the editorial pages of some of the nation's leading newspapers: *The New York Times, The Wall Street Journal, The Washington Star, The Chicago Tribune* and *The Los Angeles Times.*

He is the winner of an "Emmy" award of the National Academy of Arts and Sciences.

In *Policy Review*, Mr. St. John reviews the recent attempts of many Third World nations to collectively institutionalize their control of, and, indeed repression of, the press. The author concludes that the free enterprise press of the Western world, especially the United States, ought to view this increasing trend with alarm.

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ROBERT L. SCHUETTINGER is the editor of *Policy Review* and Director of Studies of The Heritage Foundation. He is the author of the newly-published *Lord Acton, Historian of Liberty* (Open Court, La Salle, Ill.) and, with Eammon F. Butler, he is the co-author of the forthcoming *Forty Centuries of Wage and Price Controls* to be published shortly by The Heritage Foundation.

In this short article, based upon material in the forthcoming book, Mr. Schuettinger notes that controls are now being seriously considered (50 percent of the people are for them) as they have been periodically throughout history. He gives examples spanning four millennia which ought to give policymakers pause.

GERALD KEIM and ROGER MEINERS are both Assistant Professors of Management at Texas A & M University. Dr. Keim received his doctorate from the Center for the Study of Public Choice at Virginia Polytechnic Institute and State University. He is the author of articles in the *Academy of Management Review,* the *Academy of Management Journal* and in other publications. Roger Meiners also received his PhD from VPI and holds the JD from the School of Law, University of Miami where he was a fellow of the Center for Law and Economics. He is the author of *Victim Compensation: Economic, Legal and Political Aspects* (Lexington Books) and of articles in economic journals.

In this article, Professors Keim and Meiners discuss the fallacies inherent in the argument that corporation executives should assume more responsibility for the "satisfaction of public needs." First of all, they argue, it is harder for a corporate executive, not answerable to a constituency, to determine what is beneficial to society and, even if he were able to determine this, it is unlikely that he would be more able to fulfill those goals than an elected official. The authors state, "Unfortunately, such efficiency observed in the pursuit of private goals cannot necessarily be transferred to efforts directed toward public goals." The consequences of increased use of corporate resources for social ends would be to reduce the power of the individual consumer to influence the allocation of society's resources and to encourage non-elected corporate executives to impose their tastes and preferences for society on society at the expense of stockholders.

ROBERT MOSS is editor of *The Economist*'s influential confidential weekly, *Foreign Report*, and a foreign affairs columnist for *The Daily Telegraph* of London. His books include *The Collapse of Democracy* and *Urban Guerrillas;* he is currently writing a book on the Cuban intervention in Africa. A former history professor at the Australian National University, he now lectures at several defense academies, including the NATO Defense College in Rome. He has contributed to a number of U.S. publications, including *Commentary, The New York Times Magazine, Harper's* and *Politics Today.* Mr. Moss has just returned from a visit to several countries in southern Africa.

Mr. Moss here refutes arguments posed by those who support passivism as the Western response in the face of Soviet encroachments in Africa and offers proposals for a more realistic, "forward," policy for the NATO alliance.

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First of all, states Mr. Moss, the argument that "U.S. globalism brings in the Russians" is irrelevant. ". . . Discussions about who did what to whom first," he notes, "are in fact a time-wasting diversion . . . The United States is not a neutral power in the great strategic and ideological conflicts of our time and, even if it were, it would still have a duty to its own citizens to defend their interests abroad . . ."

Secondly, the argument that "the Russians are digging their own Vietnam" is faulty. The Russians are patient, "low-risk gamblers" who would back away if the risks were too high and the benefits too slight. "But when the West fails to take up their challenge," asks the author, "what risks are there to deter them?"

To the argument, "So what, if the West loses Zaire, Angola, the Horn, Rhodesia, or South Africa?" Mr. Moss answers that among other losses to the West, Europe and eventually America would be endangered by the denial of key minerals and oil. The 'Finlandization' of Western Europe would become a possibility.

As guidelines for future policy toward Africa, Mr. Moss proposes that the West should 1) curb the Cubans, 2) back pro-Western resistance groups in Marxist states, 3) have a "fire brigade" on call, and 4) come to terms with southern Africa.

Reviews of books were written by TIBOR MACHAN (who teaches philosophy at the State University of New York, Fredonia and who is the author of *The Libertarian Alternative* and other books; he is also Senior Editor of *Reason* magazine), CARL T. CURTIS (senior U.S. Senator from Nebraska, ranking Republican on the Senate Finance Committee and Chairman of the Senate Republican Conference), ARNOLD BEICHMAN (professor of political science at the University of Massachusetts, author of *Nine Lies About America* and other works, and long-time activist in the American and international labor movement), JOHN J. TIERNEY, JR. (former chairman and currently adjunct professor of politics at The Catholic University of America and co-author of *U.S. Strategy in the Decade Ahead)* and CHRISTOPHER THIELE (editorial assistant, *Policy Review*).

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The article is entitled "Government Sanctioned Restraints That Reduce Economic Opportunities for Minorities" and was published in *Policy Review*, Fall 1977.

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The Limitations of Tax Limitation

MILTON FRIEDMAN

Two down, 48 to go.

The approval on June 6, 1978, by the people of our largest state of Proposition 13—a tax limitation amendment to the California Constitution—has given great impetus to the grassroots movement that Governor Ronald Reagan began in that state five years ago when he sponsored Proposition 1.[1]

The first victory for those who believe that government does not have an open-ended claim on the incomes of Americans came in Tennessee three months ago (March 7, 1978) when the people of that state, by a two-to-one majority, approved an amendment to limit the "rate of growth" of state spending to the "estimated rate of growth of the state's economy."

Similar amendments will be on the ballot in a number of other states this fall, and the prospects now look very good for their adoption.

The Jarvis-Gann Amendment, Proposition 13, will limit property taxes in California to one percent of assessed valuation. It will restrict increases in assessed valuation to a maximum of 2 percent a year except when property changes hands. In addition, it will require a two-thirds vote of the legislature to raise other taxes. It is estimated that this amendment will cut property taxes by more than half—or by some $7 billion.

Jarvis-Gann, it must be said, has many defects. It is loosely drawn. It cuts only the property tax, which is by no means the worst tax. It does nothing to halt the unlegislated rise in taxes produced by inflation. Proposition 1 was a far better measure and a revised version will be needed even though Jarvis-Gann has passed. Yet I strongly supported Jarvis-Gann. It does cut taxes. It does raise obstacles to further increases in government spending. Those in favor of more government spending mounted an expensive fear campaign financed in large part by big business (which apparently allowed its own fear of the politicians in Sacramento to trigger its

1. That proposal was preferable to the one adopted on June 6. It would have limited spending by the state government to a specified and slowly declining fraction of the personal income of the people of California. That amendment was narrowly defeated, as were similar amendments in two other states in recent years.

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unerring instinct for self-destruction). In this media blitz, the state employees' union leaders (naturally the core of the opposition) predicted that state services would be drastically cut, that thousands of policemen and firemen would be dismissed, and so forth and so on.[2]

In fact Jarvis-Gann will not have the dire effects its opponents threatened. The California government has a surplus of some $3 billion to offset the $7 billion revenue reduction. The remaining $4 billion is roughly 10 percent of the state and local spending now projected for the next fiscal year. Is there a taxpayer in California (even if he is a government employee) who can maintain with a straight face that there is not 10 percent fat that can be cut from government spending without reducing essential services? Of course, the reallocation of revenues to finance the most essential services will not be an easy or pleasant task, but that, after all, is just what we pay our elected representatives for.[3]

Tax Limitation Laws Are Not "Undemocratic"

Which brings us to an important point of political philosophy. It is my view that it is desirable for the people to limit their government's budget, to decide how much in total they are willing to pay for their government. Having done this, it is desirable for them to delegate to their elected representatives the difficult task of dividing that budget among competing good proposals. The opponents of

2. In their column for *The Washington Post* on June 1, 1978, Rowland Evans and Robert Novak reported from Los Angeles that some politicians were claiming that the referendum was "a fight between the haves and the have-nots." Evans and Novak concluded that this view was "almost surely wrong." They explained that "On the contrary, the establishment—business, labor, the big newspapers, the academic community, civic groups and practically every important elected official—vigorously opposes the Jarvis amendment."

They went on to point out that "in contrast, the amendment's hardcore support comes from lower income homeowners who are going under because of oppressive taxes. Their ranks, oddly, are swelled by substantial numbers of school teachers and other government workers who are first and foremost taxpayers . . . State Senator Bill Greene, a black Los Angeles legislator, told us he is astounded how many of his constituents are voting for the measure."

3. It is not without interest that California has the highest paid state legislators in the nation.

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tax limitation laws charge that we are being undemocratic in proposing to tie the hands of government. After all, they say, don't we elect our state representatives and our congressional representatives in Washington to handle the affairs of government? I believe that if we are going to be effective in passing tax limitation laws, we must understand and make other people understand that these referenda are far from being undemocratic. I believe that the real situation is precisely the opposite.

The problem we face is that there is a fundamental defect in our political and constitutional structure. The fundamental defect is that we have no means whereby the public at large ever gets to vote on the total budget of the government.

Our system is one in which each particular spending measure is treated separately. For any single spending measure, therefore, there is always a small group that has a very strong interest in that measure. All of us are parts of such small groups. We are not talking about somebody else. As Pogo used to say, "We have met the enemy and they are us."

The vested interests are not some big bad people sitting on money bags; the vested interests are you and me. Each of us is strongly in favor of small measures that will benefit us and each of us is not too strongly opposed to any one small measure that will benefit someone else. We are not going to vote anybody out of office because he imposes a $3 a year burden on us. Consequently, when each measure is considered separately, there is considerable pressure to pass it. The proposers have greater force than the opponents (who are often called "negative" or "obstructionists") and the total cost is never added up.

The purpose of tax limitation is to remedy that defect. It will enable us to say to the legislature, "We assign you a budget. Now it's your job to spend that in the most effective way." The effect of removing this defect is to enable special interests to work for the general interest instead of against it. This is because with a given total budget, a special group that wants a special measure has to point out the other budget items that can and should be reduced. Each item that people want is a good item. There is no pressure on Congress or on the legislature, or very little, to enact bad legislation. The problem is that there is an infinite number of good and desirable proposals and you have to have some device to limit the appetite and that's the function of tax limitation.

The next time somebody says that tax limitation is undemocratic, we should ask him whether that means he is against the First

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Amendment of the Constitution. Because, after all, the First Amendment of the Constitution limits very clearly what Congress can do. The First Amendment says Congress shall make no laws interfering with the freedom of speech or the free exercise of religion. Consider what would happen if we didn't have that amendment. For any single measure restricting freedom of speech you might very well obtain a majority. I am sure there would be a majority to prevent the Nazis from speaking on the street corner. There might be a majority to prevent the Seventh Day Adventists or vegetarians from speaking—or any other little group you could name. But our Founding Fathers had the wisdom to roll it up into one and say we are not going to let each individual issue be decided separately by a majority vote. They said that we are going to adopt the general principle that it is not the federal government's business to restrict freedom of speech.[4] In the same way, what is being proposed today is the enactment of a principle that a government shall have a budget determined by the voters and that it will have to stay within that budget.

Government Spending Is the Real Problem

Right now total government spending—state, federal and local—amounts to 40 percent of the national income. That means that out of every dollar anybody makes or gets, forty cents is being spent for him by the bureaucrats whom he has, through his voting behavior, put into office. There is upward pressure on that percentage. The screws will be put on. The real problem for the future is to stop that growth in government spending. Those who are really concerned, who really are fiscal conservatives, should forget about the deficit and pay all their attention to total government spending. As we have seen, California and Tennessee have recently led the way toward the goal of a limit on government spending.

On the federal level, there have been moves to try to get a federal constitutional amendment providing for a balanced budget. I think, however, that is a serious mistake. It spends the energies of the right people in the wrong direction. Almost all states have a balanced budget provision, but that hasn't kept spending and taxes from going up. What we need on the federal level, as we need it on the state and local level, is not a budget-balancing amendment,

4. It was left to the states to deal with such problems as an immediate danger of violence, and so on.

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but an amendment *to limit government spending as a fraction of income.* Recently a task force of the Southern Governors' Conference, which was headed by Governor James Edwards of South Carolina, has worked extensively to produce a government spending limitation amendment for the federal government.

Congressman Jack Kemp has been pushing for several years now a so-called tax reduction bill (the Kemp-Roth Bill). I support this bill since I believe that any form of tax reduction under any circumstances must eventually bring pressure to bear to cut spending. Moreover, I believe some taxes do more harm than others. There is no doubt that the method by which we collect taxes could be rearranged so as to have a less adverse effect on incentives and production. And, from this point of view, the Kemp-Roth Bill is certainly desirable. We should be clear, however, that it is in reality not a tax reduction bill; it is a proposal to change the form of taxes. As long as high government spending remains, we shall have the hidden tax of inflation. The only true tax cutting proposal would be a proposal to cut government spending. To my knowledge, no one in Washington has yet proposed a genuine tax cutting bill, not President Carter, not the Democrats in Congress, not the Republicans. Every single so-called "tax cut plan" still envisions a higher level of government spending next year and consequently a higher level of taxes, both overt and covert.

There is an important point that needs to be stressed to those who regard themselves as fiscal conservatives. By concentrating on the wrong thing, the deficit, instead of the right thing, total government spending, fiscal conservatives have been the unwitting handmaidens of the big spenders. The typical historical process is that the spenders put through laws which increase government spending. A deficit emerges. The fiscal conservatives scratch their heads and say, "My God, that's terrible; we have got to do something about that deficit." So they cooperate with the big spenders in getting taxes imposed. As soon as the new taxes are imposed and passed, the big spenders are off again, and then there is another burst in government spending and another deficit.

The true cost of government to the public is not measured by explicit taxes but by government spending. If government spends $500 billion, and takes in through taxes $440 billion, which are the approximate figures of President Carter's estimated budget, who pays the difference? Not Santa Claus, but the U.S. citizen. The deficit must be financed by creating money or by borrowing from the public. If it's financed by printing money, that imposes the

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hidden tax of inflation in addition to the explicit tax. If it's financed by borrowing, then the government gets those resources instead of the private sector. In addition, there will have to be a higher level of taxes in the future to pay the interest or to pay back that debt. Essentially every current piece of wealth in the United States has a hidden tax imposed on it because of the future obligation to pay those extra taxes. In effect, what you have are two kinds of taxes: the open, explicit taxes and the hidden taxes. And what's called a deficit is a hidden tax.

I would far rather have total federal spending at $200 billion with a deficit of $100 billion than a balanced budget at $500 billion. The thing we must keep our eye on is what government spends. That's the measure of the amount of the resources of the nation that people cannot individually and separately decide about. It's a measure of the amount we turn over to the bureaucrats to spend on our behalf. I believe along with Parkinson that government will spend whatever the tax system will raise plus a good deal more. Every step we take to strengthen the tax system, whether by getting people to accept payroll taxes they otherwise would not accept, or by cooperating in enacting higher income taxes and excise taxes or whatnot, fosters a higher level of government spending. That's why I am in favor of cutting taxes under any circumstances, for whatever excuse, for whatever reason.

Tax Limitation Laws Are Stopgaps

We have to bear in mind that tax limitation laws are not cure-alls; they are temporary stopgaps. They are a way of trying to hold back the tide, until public opinion moves in the direction that those of us who believe in limited government hold to be desirable. Without the support of public opinion all the written laws or constitutions you can think of are fundamentally worthless. One has only to look at the results of trying to transplant versions of the American and British constitutions to other nations around the world. I believe, however, that there is a definite movement in public opinion toward greater skepticism of large-scale government programs. People are aware that they are not getting their money's worth through government spending. Among intellectuals, more and more scholars are coming to the conclusion that many government programs have not had the results intended by their supporters. In journals read by opinion-leaders (for instance, *Commentary, Encounter, Harper's, The Public Interest, The Washington Monthly*), this view is becoming

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more and more commonly expressed. However, it takes time for such ideas to be accepted by the politicians who, after all, are mostly followers and not leaders of public opinion.

Let me give an example of what I mean. For about 150 years since the birth of our government (until about the late 1920s) there was no general tendency for government spending to get out of hand. Despite the fact that the same pressures inherent in representative democracy were present through this period, state, local and federal spending was still about 10 percent of national income. For the past 40 years, however, there has been a considerable change in these percentages, to say the least. Except for the Income Tax Amendment, the constitutional provisions relating to the financing of government were essentially the same as they were in 1789 (and the income tax rate was quite low during this period). The essential difference was that before 1930 or so there was a widespread belief on the part of the public that government should be limited and that danger arose from the growth of government. President Grover Cleveland maintained, for instance, that while the people should support their government, the government should not support the people. President Woodrow Wilson remarked that the history of liberalism was the history of restraints on government power. Almost everyone then agreed that the role of government was to act as a referee and umpire and not as a Big Brother. Once this fundamental attitude of the public changed, however, constitutional restrictions became very much less effective against the growth of government. As we all know, the Supreme Court does follow the election returns (sometimes tardily) and most of the New Deal measures which were ruled unconstitutional by the Court in President Roosevelt's first administration were ruled to be constitutional in the second administration.

The interstate commerce clause as an excuse for federal action is a good case in point. At one time in our history there were transactions which were regarded by the Court and Congress as *intrastate* commerce, but it would take a very ingenious man today to find any transaction whatsoever that the Supreme Court would not declare to be part of *interstate* commerce. The federal government, basically as a result of this change in public opinion, is now allowed to take all sorts of actions that would have been held *by the public* to be unconstitutional sixty or a hundred years ago.

In the same way, I believe that the effectiveness of tax limitation laws will depend upon their acceptance by the great bulk of the

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public as part of our constitutional tradition.[5] My own view is that we are seeing a genuine trend in support of the basic philosophy that there should be definite limits on government spending; however, I also believe that such trends take time to solidify and in the meantime I regard tax limitation amendments as a stopgap measure to hold back the tide.

5. In addition, they will not by themselves prevent all further government intervention. Many of the worst kinds of government intervention do not involve much spending. Some examples are tariffs, or regulation of industry (ICC, FCC, FPC) or the controls on the price of natural gas which have done such tremendous harm in the energy area. All of those involve government intervention into the economy in which the spending element is very small.

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Soviet Intervention in the Horn of Africa: Intentions and Implications

PETER VANNEMAN & MARTIN JAMES

The massive Soviet intervention in the Horn of Africa reflects the crystallization of a new post-detente Soviet foreign policy grounded in an altered perception of the correlation of forces on the globe and a deepening internal economic crisis.[1]

It mirrors the full flowering of the Brezhnev Doctrine (explicitly incorporated into the new U.S.S.R. Constitution) with its multivariant applications, as a major touchstone and guide to Soviet foreign policy motivations and intentions. This intervention in Africa further underlines the emergence of a new, somewhat limited, but exceedingly dangerous motivation for Soviet foreign policy: access to resources—thus reflecting the Soviet intention to treat its burgeoning economic ills in part with foreign policy palliatives rather than with the required surgery of institutional reforms.[2] In short, the sagging Soviet economy provides a major motivation for its proxy wars. Also, as in the past, projecting its image as "the" patron of what it terms the "progressive" forces around the world provides a second major motivation.[3] While until recently conven-

1. Immediately after the successful war in Ethiopia's Ogaden Province, Leonid Brezhnev himself served notice of the detente relationship's high state of deterioration. While on a highly symbolic trip to Czechoslavakia, he warned of a return to a "chilly war."

2. On the sluggish Soviet economy see Abram Bergson, "The Soviet Economic Slowdown," *Challenge,* Jan.-Feb. 1978, pp. 22-27. See also *The Soviet Union: Internal Dynamics of Foreign Policy, Present and Future*, Hearings, Subcommittee on Middle East of House International Relations Committee, September-October 1977, for debate over Soviet energy problems, especially pp. 273, 278 and 322-23.

3. *Pravda,* October 8, 1977, p. 3. The Brezhnev Doctrine as an instrument of economic policy is implicit in Article 30 of the new Constitution. "The U.S.S.R. develops and strengthens . . . mutual assistance with other socialist states on the basis of the principle of socialist internationalism and actively participates in economic integration . . ."

Chapter 4 of the Constitution deals entirely with foreign policy. Another relevant excerpt states: "The U.S.S.R.'s foreign policy is aimed at ensuring favorable international conditions for building communism, supporting the . . . struggle for national liberation, . . . and implementing the principle

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tional wisdom construed Soviet African policy as primarily reactive, the evidence increasingly suggests a relatively coherent strategy, carefully integrated into her global foreign policy.[4]

The Soviet military intervention in the Horn of Africa is the centerpiece of two new foreign policy initiatives: one in the Middle East and the other in Africa. The intermediate-range targets are Saudi Arabia, the world's largest producer of petroleum, and Kenya, the last pro-Western state from the Cape to the Horn. Those nations are the linchpins of American policy in these two areas. As the Saudi Foreign Minister, Prince Saud ibn Faisal put it, "that thousands of foreign troops are present in Ethiopia . . . is without a doubt a threat to the security and stability of the entire continent of Africa and the Middle East."[5] Dr. Henry Kissinger argued that the Soviet purpose in Ethiopia is "to outflank the Middle East, to demonstrate that the U.S. cannot protect its friends, to raise doubts in Saudi Arabia, Egypt, the Sudan and Iran."

Soviet activities on the Horn reflect another carefully orchestrated and sophisticated use of military power, designed to maximize the U.S.S.R.'s global influence and ameliorate her mushrooming internal economic difficulties. After successfully sponsoring a proxy war in Angola, the U.S.S.R. explicitly signaled her intent to employ that new instrument of her foreign policy elsewhere by including a specific provision on "wars of national liberation" in the new "Brezhnev" Constitution.[6] No other Constitution in the world commits its

of peaceful coexistence . . ." (Article 28). In short, detente and proxy war are compatible in the Soviet view. For the U.S., the exception is becoming the rule.

4. On the reactive thesis, see David Albright, "The U.S.S.R. and Africa: Soviet Policy," *Problems of Communism,* January-February 1978, pp. 20-39, especially p. 28. Although somewhat self-serving, the Somalis claim the Soviets revealed a Soviet "master plan" extending from Southern Africa to the Persian Gulf. See Winston S. Churchill, "Revealed: The Soviet Master Plan," *The Daily Mail* (London), March 3, 1978.

5. For a survey of Saudi efforts to forestall Soviet initiatives see: "Arabische Politik rund um das Horn von Afrika," (Arab Politics in the Horn of Africa) *Aussenpolitik,* Fall 1977; Udo Steinbach, Director, German Orient Institute. Prince Saud ibn Faisal is quoted by Paul Martin in *Newsweek,* March 13, 1978, p. 41.

6. On the Soviet intervention in Angola see: Peter Vanneman and Martin James, "The Soviet Intervention in Angola: Intentions and Implications," *Strategic Review,* Summer 1976, pp. 92-103. In this article the authors warned: "Angola is an example of a graduated, relatively low cost, carefully orchestrated expansion of Soviet influence: it is a limited military confrontation, a proxy war. As such, it is a model for Soviet strategic planners to

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people to such a specific foreign policy goal. The unprecedented tour of the Soviet and Cuban Presidents across Africa and the Middle East in the spring of 1977 suggested that these areas would be the next target.

Proxy war has become an adjunct to Soviet economic policy. It is designed to supplement and complement other efforts to bolster the U.S.S.R.'s economy; thus, economic considerations, to a large extent, influence Soviet initiatives in Africa and the Middle East. For example, reviewing the first comprehensive Soviet book on U.S.S.R.—African relations, the government newspaper, *Izvestia*, exclaimed, "Quite unexpectedly, most of the book is devoted to questions of *economic* cooperation . . ."[7]

Soviet support of Ethiopia conforms to a fundamental tenet of the U.S.S.R.'s foreign policy—the Brezhnev Doctrine—which proclaims the unilateral right to defend beleaguered "socialist" regimes.[8] Somali troops invaded Marxist Ethiopia's Ogaden region in July, 1977, in support of insurgents there. When Somalia—then apparently a Soviet client—ignored the U.S.S.R.'s diplomatic pressure to withdraw, the Soviets initiated a massive military buildup to bolster the unstable Ethiopian regime.[9] Over a period of months this escalated into a major military confrontation—a further and

analyze and *adapt elsewhere* (emphasis added). It is virtually a new instrument of Soviet foreign policy. . . . The United States must devise a policy to deter proxy war. No response at all, ultimately if not immediately, is the most serious threat to peace and prosperity; it tempts the Soviets to take more dangerous risks, while eroding American influence throughout the globe." On the constitutional provisions see footnote 3.

7. Pilyatskin, *Izvestia*, April 21, 1977, p. 4, reviews, Ye Tarabin, (General Editor), *S.S.S.R. i Strany Afrika*, (The U.S.S.R. and Africa—Cooperation on Basis of Equality), Mysl Publishing House, Moscow, 1977.

8. The "Brezhnev Doctrine" emerged after the U.S.S.R. crushed the Czech reform movement in 1968 and is implicit in the Soviet treaties with Angola, Mozambique and Ethiopia. For example, see *Pravda*'s and *Izvestia*'s report of Brezhnev's talks with the Ethiopian leaders, May 7, 1977, p. 1. See Vernon Aspaturian, "The Aftermath of the Czech Crisis," Reprint Series, Pennyslvania State University, Slavic and Soviet Language and Area Center, 1969.

9. The Soviet-Ethiopian military accord is secret, but its essence may be surmised if one looks to the provisions in the accords with Mozambique (Article 9) and Angola (Article 7); they read: "If the situations arise that threaten peace or break peace, the high contracting parties will immediately get into contact with each other to coordinate their positions in the interests of eliminating the arising threat or restoring peace." While this ostensibly supports territorial integrity, it is potentially a pretext for invasion.

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successful test of the utility of proxy war in facilitating Soviet foreign policy aims.

The Brezhnev Doctrine in Africa

Originally invoked to vindicate the Soviet invasion of Czechoslovakia to crush the Communist reform movement there, the Brezhnev Doctrine served also to justify Soviet intervention in Angola and Ethiopia and it is now an integral part of the Soviet Constitution. The central idea is the Soviet assumption of the unilateral right to protect the "progressive" character of any regime from "imperialism." In other words, the U.S.S.R. claims the right to use Soviet military power to assure that pro-Soviet elements retain or gain control of disputed areas.

The Brezhnev Doctrine focuses on protecting and advancing the cause of "progressive" forces, thus justifying what traditional international law forbids—intervention in the domestic affairs of a nation-state. The "Doctrine" is quite versatile. In Ethiopia it served to justify both a legitimate act of self-defense (The Ogaden War) and suppression of a rebellion (The Eritrean conflict) and in other parts of Africa it vindicated invasion (the two Zaire border conflicts), insurrection (the Rhodesian conflict), and taking sides in a tri-partite civil war (Angola).[10]

As long as the U.S.S.R. backs the "progressive forces," its action is legitimate by its own lights. Ironically, the Soviet focus on the socio-economic structure of the progressive forces assumes priority over its concern for territorial integrity, a fact much underestimated after the Ogaden War, where for the first time in Africa, or anywhere, the U.S.S.R. genuinely found itself defending a Marxist government from conventional invasion. The intervention in the Horn is the exception, not the rule, in Africa, as the second invasion of Zaire indicates.

In addition, it should not be forgotten that much of the versatility of the Brezhnev Doctrine derives from the definition of "progressive forces," which can be expanded and contracted to meet the needs of the Soviet state. In Ethiopia it placed the U.S.S.R. on the side of one Marxist regime attacked by another Marxist regime; in

10. Events surrounding Soviet activities in Zaire, Angola and Ethiopia reflect considerable debate at the highest levels of the Soviet leadership over the appropriate nature and extent of U.S.S.R. involvement.

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Czechoslovakia it justified the replacement of one Communist regime by another more subservient to Moscow.

It is important to recognize that the Soviets view the Brezhnev Doctrine primarily as defensive in character, which renders it an exceedingly dangerous motivation, because the U.S.S.R. is less likely to shrink from confrontations which it genuinely perceives to have emanated from defensive intentions. Moscow invaded Prague to arrest a movement that threatened to disintegrate its East European empire which it views as a political and military buffer against the West, essential to its national security and, in fact, the integrity of its Party-State system.[11] Now the Soviet Union faces a deepening internal economic crisis and the evidence suggests that the Brezhnev Doctrine is being employed in Africa and the Middle East to partially ameliorate its economic ills by providing access to relatively inexpensive resources, while the Soviets devise a plan to exploit their own vast, but dwindling resources, expensively frozen in the Siberian tundra far from traditional processing zones and readily available skilled labor.

To an extent, detente represented an economic policy designed to forestall the need for major internal institutional reforms, but it yielded few fruits; thus, as the Brezhnev succession struggle approaches its denouement, a new, more militant foreign economic policy also aimed at delaying reform appears to be dominating Kremlin policy debates.

Since major economic reforms threaten the very character of the party-state apparatus, the search for alternatives led abroad, first to the United States and detente; however, the energy crisis conjured up another alternative—exploitation of the Third World. The immediate Soviet purpose is to secure inexpensive access to Third World resources and, in the longer run, to establish a utopian "new international economic order," dominated by the U.S.S.R. with the Third World in tow. The proponents of this vision emanated from the prestigious Institute of International Relations and World Economy, whose head became a Deputy Prime Minister.[12] Angola's participation in the East European Common Market meetings in 1976—the first African nation to do so—symbolizes this new approach.

11. Aspaturian, *op. cit.,* footnote 8.

12. See the comments of the Director, N. Inozemtsev, now Deputy Prime Minister, "Capitalism: An Intensification of the Contradictions," *Pravda,* August 20, 1974, p. 1. See also R. A. Ulianovski, "The Energy Crisis and

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The intervention in the Horn of Africa, followed by another invasion of the mineral rich Shaba (Katanga) Province of Zaire[13] and the arrival of Cuban combat units along with the second highest ranking Soviet Army officer (who directed the Ogaden War) on the Rhodesian front, reflects the full panoply of this new foreign policy strategy.

Turning specifically to the Horn, the ultimate objectives of Soviet policy are: to escalate its efforts to destabilize Saudi Arabia by acquiring naval and air facilities at Massawa and Assab on the Red Sea; to neutralize Kenya, thus retarding access to the port of Mombasa, the only major port open to Western navies on the east coast of Africa; to threaten interruption of oil and shipping lanes vital to Europe and Japan; to enhance its global prestige by engineering another military victory for one of its allies; and to legitimize its African activities by defending Africa's sacred principle of national territorial integrity. In this light, the much-heralded loss of military facilities at Berbera in Somalia appears relatively insignificant. In fact, it is entirely possible that Soviet personnel might ultimately reappear there, since the 25,000 man Soviet-trained Somali security forces just crushed a coup, leaving President Siad Barre almost entirely dependent upon them after executing eighty of his own army officers. It should not be forgotten that Somalia did not sever diplomatic relations even while fighting the Soviets in Ethiopia.

Strategic Access and Denial: The Saudi Target

The installation of a pro-Soviet regime in Saudi Arabia, the world's largest producer of petroleum, would dramatically shift the balance of power on the globe. Access to resources is increasingly important in world politics, even for the supposedly well-endowed U.S.S.R., as some studies on Soviet oil reserves suggest. Thus, most

the Struggle of the Newly Independent Countries for Economic Equality," *Norody Azii i Afriki,* No. 3, June 1976, pp. 25-26; and E. Tarabin, "The Third World and Imperialism: Something New in the Correlation of Forces," *Mirovaia Ekonomika Mezdunarodye Otnoshenila,* No. 2, Feb. 1976, p. 2. On the structure of the new international economic order see: Statement by Head of U.S.S.R. Delegation to Fourth UNCTAD Session, N. S. Potolichev, Minister of Foreign Trade, May 11, 1976, p. 8. Inozemtsev's promotion over Potolichev foreshadowed the shift away from detente.

13. On the first Zaire invasion see Peter Vanneman and Martin James, "Soviet Strategy in Central and Southern Africa," Proceedings of the Foreign Affairs Association Conference at Hamburg, Germany, June 13, 1977.

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Soviet activities in the Red Sea area are aimed, at least partially and perhaps even primarily, at destabilizing the Saudi government and diminishing its influence.

In the 1960s the U.S.S.R. courted Saudi Arabia in order to maintain a solid Arab front against Israel, but the defection of Egypt from the Soviet camp rendered that policy obsolete and the evidence now suggests a concerted effort to undermine the regime.[14]

As the then Soviet President Podgorny put it, "I would like to touch on the question of the situation in the Red Sea region, recent events indicate that imperialists, using certain Arab countries, *Saudi Arabia above all*, are trying to establish their control there . . ."[15] Ostensible Soviet fears often mirror their own intentions, as an *Izvestia* commentary, shortly after the Somali invasion, illustrates; "The Horn of Africa . . . has been assigned no small role in the plans for turning the Red Sea into an Arab Lake. The nationalism of the feudal masters is directed against the revolution in Ethiopia."[16] This language clearly invokes the Brezhnev Doctrine, which could serve to vindicate Soviet pressure on Saudi Arabia in the future in the guise of defending Ethiopia.

Soviet naval and air facilities at Massawa and Assab in Ethiopia's Eritrean Province would be more valuable than those "lost" at the much touted "base" at Berbera in Somalia which was actually quite open and vulnerable. They are within easy reach of the main Saudi port at Jidda and the multi-billion dollar industrial complex now being constructed at Yenbo on the Red Sea. Thus, they are perfectly positioned to provide support for efforts to destabilize Saudi Arabia and harass vital oil shipping lanes to Europe and Japan. Shelling by Soviet gunboats of Massawa's assailants in March 1978 highlights

14. The dramatic shift is illustrated by comparing Richard E. Bissell, "Soviet Use of Proxies in the Third World: The Case of Yemen," *Soviet Studies*, Vol. XXX, No. 1, January 1978, pp. 87-106, which details Soviet policy in the '60s, with recent events. The Soviet media explicitly delineated the new anti-Saudi line in a series of articles in February 1977. "From Saudi Arabia is emerging a trend dangerous for the national liberation movement of Arab peoples," (*Izvestia*, February 26). "A trend is emerging which . . . would base itself not on the interests of all Middle East . . . peoples," (*Izvestia*, V. Kudryavtsev, February 8), and "Saudi Arabia today is the most reactionary country in the Arab world. It uses its money above all to prevent the development of the more *progressive* (author's emphasis) Arab countries . . ." Moscow Radio in Arabic, February 8, 1977.

15. *Pravda*, May 5, 1977, p. 4. Podgorny's speech was delivered before a dinner honoring Ethiopia's Colonel Mengistu.

16. Kudryavtsev, "The Colonialist's Strategy," *Izvestia*, August 1977, p. 4.

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the vulnerability of Yenbo and Jidda, as well as the shipping lanes.

The U.S.S.R.'s most faithful ally in the Arab world, South Yemen, lies on the Saudi's southern border. The Russians have poured large quantities of tanks, heavy artillery, advanced aircraft and armored trucks into that country. Hundreds of East Germans are setting up communications and internal security systems. Cubans have helped train Yemeni soldiers and three thousand Cubans passed through Yemen en route to Ethiopia. In addition, three thousand Yemeni troops were reportedly fighting alongside Marxist Ethiopia.[17]

For such an extraordinarily important nation, encircled by relatively hostile forces, the Saudi military machine is unusually small. Currently, the army consists of a single armored brigade, four infantry brigades and three artillery battalions backed by 300 AMX-30 French tanks and 250 American M-60 tanks.

Having witnessed the steady Soviet-sponsored military buildup in South Yemen on their southern border and in Iraq on their northern border, the Saudis are acutely sensitive to Soviet initiatives on the Horn, which ultimately threaten vital economic facilities on their western border. To the northwest, riots in 25 Iranian cities and a left-wing coup in Afghanistan must give the Saudis further pause.

Clearly, Saudi interest in American military hardware mirrors a concern for her vital national security interests, rather than hostility to Israel. As the son of the Saudi Defense Minister, Prince Bandar, put it:

> Rather than Israel, the widening Soviet military presence in the Horn of Africa is one big source of worry and the Communist governments of South Yemen another. South Yemen is being built up militarily by the Soviet Union to the point that it looks like a launching pad for attacks against Saudi Arabia. The Soviets already have delivered MIG-21 fighters to South Yemen.[18]

Saudi Arabia's desire for sophisticated U.S. military hardware (including U.S. F-15 fighters) is not a reflection of Arab-Israeli hostility, but is an indication of Saudi concern about Soviet motives and American determination.

17. See "Oman Fearful of Soviet Penetration," *The Washington Post,* March 5, 1978.

18. *The Washington Post,* April 29, 1978.

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Prince Bandar further stated that:

> . . . the F-15 bases would be Taif, near Mecca on the Red Sea, which would enable F-15s to cover Saudi Arabia's western border; Khamis Mushayt, which would put the fighters in easy range of the Horn of Africa and hostile South Yemen; and Dhahran, amid the Persian Gulf oil fields, from which F-15s could fly a perimeter defense along the borders of Iran, Kuwait, and Iraq.

The use of South Yemen with its magnificent port at Aden as a staging area for the massive Soviet-Cuban intervention in Ethiopia is an ominous portent for the Saudis. Only recently the Soviets, operating from South Yemen, instigated an insurrection in another monarchy on the Arabian peninsula, the Sultanate of Oman.[19]

Soviet Resource Strategy

Soviet global strategy is increasingly guided by concern for access to raw materials.[20] Not only is it constantly improving its capacity to deny access to the West and China, but it hopes to gain access itself to utilize these raw materials for its own needs.[21] As the joint communique on the Ethiopian leaders' visit to the U.S.S.R. put it,

19. In order to protect their vital oil resources the Saudis have joined with Iran, the Gulf States, Egypt, and the Sudan to form an "Oil Interpol." Explosions and fires, officially called accidental, have been reported in the oil fields of Saudi Arabia, Quatar, and Egypt in the last few months. Two new terrorist groups have recently surfaced: the "Gulf Battlefield Unit" which is aligned with George Habash's Popular Front for the Liberation of Palestine (PFLP) and "Arab Destiny" which has claimed responsibility for the explosion at Saudi Arabia's Abquaiq oil field on April 15, 1978. The explosion and resulting fire killed four workers and temporarily lowered Saudi crude oil shipments to the industrial nations. For more on Soviet efforts to destabilize the Saudi regime see: John Barron, *KGB: The Secret Work of Soviet Secret Agents,* (New York: Bantam Books, 1974), esp. pp. 76-78.

20. Much of the following argument is derived from: Peter Vanneman and Martin James, "The Soviet Thrust into the Horn of Africa: The Next Targets," *Strategic Review,* Spring 1978.

21. See: "Russia and Africa: The Mineral Connection," *The Economist,* July 9, 1977, p. 82; on the Russian-Belgian joint ventures buying and selling oil and gas see: Richard J. Barnet, *The Giants: Russia and America,* (New York: Simon and Schuster, 1977), p. 146. See also Daniel O. Graham, "The Strategic and Economic Importance of South Africa" in *South Africa—The Vital Link,* R. L. Schuettinger, ed. (Washington, D.C.: Council on American Affairs, 1976).

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"Recognizing the insistent need to restructure international economic relations . . . the two sides will strive to expand . . . exploitation of natural resources . . . to build economic cooperation on a long term basis."[22]

The Soviet Union is particularly adept at acquiring and reselling raw materials (including oil) at a profit in order to earn hard currency to purchase technology. It has skillfully employed the most capitalistic devices toward these ends. There are Soviet banks throughout Europe, Asia and the Middle East.[23] Soviet multinational corporations which sell and ship oil and other raw materials are multiplying.

The use of military power is carefully integrated with Soviet foreign economic policy.[24] Commenting on American efforts to bolster the Somali regime, *Pravda* reflected the Soviets' own concern for access to energy and raw materials, when it noted, "Somalia's strategic location is at the entrance to the Red Sea, on the petroleum sea lanes that are vitally important to the West. In addition, Somalia is the site of the world's largest uranium mines . . ."[25]

The world energy and raw material shortages have emboldened the U.S.S.R. to embark on more aggressive risk-taking foreign policy adventures because the potential benefits are so extraordinary. Russian aggressiveness on the Horn reflects her fears of internal economic recession as well as competition with the West. American strategic analysts should entertain the possibility that her fears of a domestic economic crisis fanned by rising energy and raw materials costs have spawned and will continue to spawn, unless bold and imaginative new foreign policy initiatives are forthcoming, an even greater aggressiveness than has competition with the West, which motivates the strategy of strategic denial.[26] In short, strategic

22. *Pravda,* May 9, 1977, p.1.

23. See John Harrison, "The Unknown Competitor: The Soviet International Banking System," *Bankers Magazine,* Spring 1975, p. 179.

24. See Herbert Meyer, "The Communist International Has A Capitalist Accent," *Fortune,* February 1977, p. 134. Congress has reportedly held secret committee hearings on Soviet multinational corporations.

25. *Pravda,* December 13, 1977, p. 5.

26. For an incisive account of Soviet resource strategy see Julian Amery, "The Crisis in Southern Africa: Policy Options for London and Washington," *Policy Review,* Fall 1977, esp. pp. 95-97. See also, Robert Moss, "On Standing Up to the Russians in Africa," *Policy Review,* Summer 1978. For a somewhat different view, see Kenneth L. Adelman, "Why We Can't Pacify Africa," *The Wall Street Journal,* June 23, 1978 (editorial page). For an important new analysis of the Soviet world-wide network, see Avigdor

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access is perhaps a more dangerous new motivation in Soviet foreign policy than strategic denial. The two are, of course, usually concomitant goals.

The Eritrean Crisis

The oldest insurgency in Africa is ravaging in Eritrea, the Northeastern province of Ethiopia on the Red Sea, site of the important ports of Assab and Massawa. Since the Eritrean landscape is superbly suited to guerrilla warfare, suppressing the rebels would involve an extended operation, which could truly prove to be a Soviet-Cuban Vietnam. At least 25,000 Cubans would be required to pacify Eritrea and probably many more. The best estimates put the Cuban presence at 17,000 in all of Ethiopia, although similar calculations in Angola proved too low. It is doubtful that Cuba's militant factions could sustain internal political support for two such pacification operations in Africa simultaneously. The other is still dragging on against Jonas Savimbi's UNITA (National Union for the Total Independence of Angola) in Southeastern Angola.[27] On the other hand, several factors militate against an abrupt Cuban pullout.

The Ethiopians clearly intend to terminate the rebellion, which threatens their only access to the Red Sea at Massawa and Assab.[28] Thus, occupation of Eritrea is a vital national security interest for

Hazelkorn, *The Evolution of Soviet Security Strategy* (New York: Crane, Russak, 1978).

27. As UNITA grows stronger and bolder, Cuba has had to increase its troop commitment to the MPLA (Popular Movement for the Liberation of Angola) from 19,000 to 23,000. Several times during the last two years, Cuba has launched "search and destroy" operations against UNITA in southern Angola. The most recent, in March 1978, involved an estimated 5,000 Cuban troops. The Benguela Railroad, the greatest test of MPLA's control and UNITA's strength, remains closed. Without the Cuban presence, President Neto's regime could fall.

28. According to ELF military commanders, 4,000 Cuban troops, 35,000 Ethiopians and 100 Soviet built T-54 tanks are massed to begin a major offensive. *(The Washington Post,* May 9, 1978.) This became a reality on May 15, 1978, when Ethiopia launched its long-awaited offensive against the Eritreans. On Radio Ethiopia, Colonel Mengistu said, "In the friend's camp we have the U.S.S.R., Cuba, South Yemen, and the German Democratic Republic. . . . The genuine progressive comrades whom we have mentioned above are living with us, dying with us and fighting with us, standing side by side with the broad masses of Ethiopia."

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Ethiopia. In addition, the Ethiopian regime considers Eritrea the source and homeland of ancient Ethiopian civilization, despite the fact that it was attached to former Emperor Haile Selassie's empire in 1952, and not fully, legally incorporated until 1962. Interestingly enough, the ancient kingdom of Axum, from which much of Ethiopian culture derives, extended across the Red Sea into Saudi Arabia. In any case, as the Ethiopian leader, Colonel Mengistu, put it:

> Eritrea has always been an integral part of Ethiopia, so much so that the Northern region has been one of the cradles of Ethiopian history and culture. . . . Ethiopia has always been a Red Sea state, except for a brief period, when colonialists controlled the region. . . . the very name Eritrea is a colonial creation.

The Russians also quite clearly intend to support Ethiopian initiatives in Eritrea.[29] *Pravda* explicitly proclaimed that the Eritrean secessionists were linked to "international enemies of Socialism."[30] The Soviets seek to protect their access to the ports of Massawa and Assab as part of their long-range strategy to subvert the Saudis, who are supporting the Eritrean insurgents. Russian gunboats[31] and possibly Cuban aircraft defended the ports against an insurgent assault early this year. Cuba is more reluctant than Russia to become involved in quelling a rebellion which Cuba had explicitly sponsored until recently. Both external powers risk becoming bogged down in a long, drawn-out counter-insurgency far from their borders with all the costs, including the perjorative symbolism involved in so-called revolutionary states suppressing a rebellion. What, then, will they do?

What is likely is a political solution involving a deal with one or more of the disparate liberation fronts leading to some form of autonomy. This relieves the Cubans and the Russians of the onus of suppressing a revolution and casts them in the guise of libera-

29. Colonel Mengistu visited Moscow for 2 weeks in March-April 1978. Addis Ababa Radio reported Colonel Mengistu had met with Soviet President Brezhnev and Premier Kosygin. Mengistu described the results of his visit as "fruitful and successful."

30. *Pravda,* March 15, 1978.

31. See *The Christian Science Monitor,* January 30, 1978. Apparently Soviet warships have again bombarded the coastal cities of Massawa and Assab in conjunction with the recent Ethiopian offensive. See *The New York Times,* May 17, 1978. Soviet warships reportedly were used against anti-MPLA forces in the Angolan Civil War. See *Peking Review,* September 5, 1975, p. 22.

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tors.[32] The transfer of Cuban, Russian, and Ethiopian forces from the Ogaden to Eritrea serves as a substantial impetus for some elements of the insurgents to settle for some form of autonomy.

It should be stressed that Eritrean opposition to federation and incorporation into Ethiopia has never been unanimous. The Christian elements (Copts) and even some Muslims generally have identified with Ethiopia. It is not difficult to imagine an arrangement between these elements and the Marxist EPLF[33] (see chart on following page) forces, backed by Soviet, Cuban and Ethiopian power. EPLF is quite dynamic and popular, with strong support among the youth, Christians and Muslims alike. It is also strong in the cities, which would be easiest to pacify.

The Russians, of course, are past masters at creating federal constitutional facades guaranteeing paper autonomy. Their own constitution grants the Soviet Republics the right to secede.

New troop arrivals in Eritrea will focus primarily on defense of the ports and the provincial capital Asmara while negotiations proceed, although decisive military action cannot be ruled out if the insurgents refuse to negotiate. The rapid escalation of the Cuban presence suggests this option is still open.

The Soviets are in the position to strangle gradually the flow of weapons to the rebels by pressuring Iraq, Syria, and South Yemen, the chief sources of weapons. American inaction in the area plus the presence of Soviet warships in the Red Sea could rapidly dry up Saudi support which is now the bulwark of the insurgents. It is perhaps symbolic that the Arab Foreign Ministers Conference in March 1978 promised military aid to non-Arab Somalia, but not to the Eritreans.

32. According to U.S. intelligence sources, Cuban troops are helping the Ethiopians mold Afar tribesmen into guerrilla units that could move to overthrow the Djibouti government. The forty-five hundred French troops stationed in Djibouti are the perfect target for the Cuban-trained liberation forces to focus their anti-imperialist campaign against. Ethnically, Djibouti consists of Afar and Issas tribesmen. The Issas consider themselves to be Somalis and Somalia historically claims Djibouti as a part of "Greater Somalia." (See footnote 37.) The rivalry between the Issas and Afar tribesmen along with the 4,500 French troops presents the opportunity for further Soviet-Cuban intervention in the guise of National Liberation.

33. "The thinking in Addis Ababa is that the EPLF's political standpoint converges with that of the Dergue in essentials . . ." Godwin Matatu, "Ethiopia's Finest Hour," *Africa*, March 1978, p. 25.

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Ethiopian Insurgents

	Estimated Strength	International Support	Religion[1]	Ideology	Leader
ELF[2]	14,000-15,000	Syria Saudi Arabia Gulf States	Muslim	Conservative	Ahmed Nasser
EPLF[3]	20,000-25,000	South Yemen Soviet Union[5] Iraq	50% Christian 50% Muslim	Marxist Pan Arab	Isias Aferwerki R. M. Nur
ELF-PLF[4]	5,000- 6,000	Saudi Arabia Iraq Gulf States	50% Christian 50% Muslim	Marxist	O. S. Sabbe

[1]These estimates are, of course, approximate and always in a state of flux. Once almost exclusively Christian, ELF now has 13 Muslims on its executive; originally Muslim EPLF had a Christian secretary-general.
[2]Eritrean Liberation Front—founded in Cairo by politicians who lost their jobs when Ethiopia absorbed Eritrea in 1962.
[3]Eritrean Popular Liberation Front—most active especially among civilians and youth.
[4]Eritrean Liberation Front—People's Liberation Front—strong propaganda arm, weak military arm.
[5]Always indirect, Soviet aid has dwindled during the Ogaden War.

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The Cuban Proxy

In a proxy war, the armed forces of one nation serve the interests of another nation. These forces may also serve the separate interests of the proxy as well as the principal sponsoring power. The principal power is the sponsor in the sense that its material support makes the venture possible and its clear disapproval would seriously deter the proxy from embarking on the venture. The proxy force is not a surrogate force. That is, it is not a substitute for the sponsor's power. The sponsor delegates certain responsibilities to the proxy and retains others for its own forces.

While Soviet and Cuban interests generally coincided in Angola, it is the U.S.S.R.'s interests that predominated in Ethiopia. There were more Soviet military personnel present and fewer Cubans in Ethiopia during the Ogaden War than in Angola.

Soviet-Cuban Military Presence

	Angola	Ethiopia
Soviet	450	1,500
Cuban	23,000	17,000

Frequently, the interests of the proxy and the sponsor tend to diverge, as may be the case in Eritrea. While *Pravda* warned that secession would be a victory for imperialism, the Cuban leadership was clearly divided over the use of its troops in Eritrea,[34] which is

34. In February 1978, Cuban Vice-President Carlos Rafael Rodrigues stated, "We have helped the Eritreans in their fight for self-determination from the time of Haile Selassie onward. We feel there has to be some political solution to the Eritrean problem, and that there have to be talks between the Eritreans and the Central government." Colonel Mengistu visited Cuba from April 21-27, 1978, presumably, to discuss the Eritrean situation. While Castro did not commit Cuba to suppressing the Eritrean guerrillas, he did allude to the experience of the Civil War in the U.S. in a speech, "The United States, itself had a bitter historic experience with secessionism . . . a very pacifist man, noble and of high stature, Lincoln, was forced to resort to arms to prevent it." See Murrey Marder, "Castro Seen Undecided on Cuban Role in Eritrea," *The Washington Post,* April 28, 1978. Reports persist that the Cubans have already moved into the Eritrean conflict. See John K. Cooley, "Ethiopia Throws Forces Against Eritrean Secessionists," *The Christian Science Monitor,* April 27, 1978. "Cubans Are Said to Join in Attacks in Eritrea," *The New York Times,* April 27, 1978.

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one reason that Castro has repeatedly attempted to mediate conflicts on the Horn.[35]

While the Cubans were reluctant to suppress the oldest liberation struggle on the African continent, with whom they have longstanding contacts, a major Soviet policy objective was to gain control of the two Eritrean ports of Assab and Massawa. To an extent, this reflects the natural disparity between a global superpower and a minor power. Cuban troops in Eritrea largely performed defensive chores at Asmara, Massawa, and Assab in the early stages of the Ethiopian intervention in order to preserve their mediating role. Castro's image as the proponent of national liberation would be severely damaged if his troops blatantly suppressed Eritrean insurgents. Nevertheless, the escalation of the Cuban presence from 11 to 17 thousand in a few months suggested pressure on the Eritreans to reach a political accommodation with Ethiopia. Even if the Cubans do not intervene offensively (and the offensive-defensive line is rather subtle in such complex scenarios), their increased presence releases Ethiopian troops for the task, while buttressing the unstable regime in Addis Ababa—a role for which their Angolan experience is directly relevant.

It should be stressed again that the Cubans are not mere puppets of the Russians, although the coordination and orchestration of their military tactics are extraordinary. Cuba probably would have intervened in Angola even without Soviet support, though perhaps on a lesser scale. Also, the evidence suggests that the Russians encouraged the invasion of Zaire, in 1977, to undermine Cuban influence in Angola. While the Russians remained neutral in the Angolan putsch of Spring 1977, the Cubans crushed it.[36] Although

35. Castro has again tried to mediate the conflict in Eritrea. Reportedly, when Ethiopian leader Colonel Mengistu was in Havana, representatives of the Eritrean rebels were also visiting Cuba and may have been negotiating with Mengistu. See "Castro Seen Seeking to Avoid Troop Commitment in Eritrea," *The Washington Post,* April 27, 1978. Castro has also held talks with Palestinian leader George Habash, Secretary-General of the Popular Front for the Liberation of Palestine, and Iraqi Vice-President Taha Mohieddin Ha'Rouf, a specialist in African affairs, concerning the possibility of a negotiated settlement in Eritrea. See *The Christian Science Monitor,* May 2, 1978.

36. The coup which took place May 27, 1977, was led by Nito Alves (the former Interior Minister). Alves favored a more dogmatic version of Marxism and he objected to the heavy representation of whites and mulattos in the MPLA leadership. "Evidence suggests that the Cubans played a major role in destroying Alves." For a good account of the May 27 coup

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Soviet influence in the Cuban economy is enormous, Castro retains a trump card—rapprochement with the United States. Castro's idealism and his Vice-President's realism will restrain Cuba in Eritrea, despite Soviet pressure and the militance of Raul Castro's entourage. Eritrea will further delineate the Soviet-Cuban proxy relationship, which is clearly not completely symmetrical.

The African Target: Neutralizing Kenya

By retarding Somali irredentism in the Ogaden, the U.S.S.R. commenced a process of ingratiating itself with the most pro-Western African state between the Horn and the Cape. Somalia has consistently claimed areas of the Northern Frontier District (NFD) of Kenya and in the 1960s Somali "Shifta" guerrillas staged bloody raids in the area. One of the five stars in the Somali flag represents this region.[37]

As a result, Kenya provided logistical support for Ethiopia and her Russian and Cuban allies by allowing arms to be shipped through her excellent port at Mombasa,[38] which, incidentally, is the only port on the east coast of Africa still open to the U.S. Navy. The Kenyan government also renewed a mutual security pact with the new Marxist regime (originally concluded with the previous regime, the monarchy of Emperor Haile Selassie). Going even further, Kenya offered to fight with the Russians, Cubans and Ethiopians to repel the Somali army in the Ogaden.[39] Finally, she threat-

see Roger N. Fontaine, "Cuba," *The Washington Review of Strategic and International Studies,* January 1978, pp. 107-109.

37. The five points of the Somali star represent British Somaliland, Italian Somalia (these two former colonies constitute today's Somalia Democratic Republic), the Ogaden region of Ethiopia, Djibouti, and Kenya's Northern Frontier District (NFD). The Somali constitution calls for the three latter territories to be united with Somalia to form "Greater Somalia."

38. See *War in the Horn of Africa: A Firsthand Report on the Challenges for United States Policy,* Report to the Committee on International Relations, U.S. House of Representatives, February 3, 1978, p. 38.

39. Kenya's fear of a Somali invasion of the Northern Frontier District was recently given new impetus when the Somali Ambassador to Kenya, Lt. Col. Hussein Ali Dual, defected to Kenya with the announcement that "If the Ogaden War comes out successfully, Siad Barre might unleash a war against Kenya." Thus, Kenya's troop offer to Ethiopia is a concerted attempt to make sure Somalia fails in the Ogaden. See *The Washington Post,* March 3, 1978. Kenya was recently involved in a diplomatic snafu with Egypt when a Kenyan air-force jet forced an Egyptian cargo plane to land

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ened to turn to the Soviets for arms, since her military machine is one of the weakest in Africa and the cost of arming could seriously undermine her economic prosperity.

The new rapport between Kenya and Ethiopia was reflected in the fact that Kenya was one of the few African countries to publicly support Ethiopia in the Ogaden War. After the war, in a reversal of roles, Ethiopia pledged military support for Kenya under their mutual defense pact, thus leaving open the possibility of Russian-Cuban involvement in the defense of Kenya's northern frontier district.

Kenya is one of the most stable and capitalistic states in subsaharan black Africa, but it is facing troubled times. The stabilizing presence of its founding father, the elderly Jomo Kenyatta, may soon disappear. A recent election was called off when it became evident that the ruling party might suffer significant losses.

The Soviets have longstanding contacts with Kenyatta's persistent opponent, Oginga Odinga (he appeared recently with the Soviet leadership at a Kremlin parade) and Soviet influence on its borders in Uganda, Tanzania, and now Ethiopia is substantial.

The new Soviet Constitution (Article 29) guarantees the "inviolability of borders" and "territorial integrity of states" and in Ethiopia the U.S.S.R. demonstrated its intention and capacity to defend those principles. Kenya faces the same threat from Somalia. American impotence in Angola and on the Horn must give pause to those relying on her support—and Kenya is the most important black African state in that category.

Since African national boundaries were drawn by colonial powers without regard to geographic or ethnographic considerations, irredentism threatens every nation. To guard against this ever-present threat of national disintegration through border disputes, the Organization of African Unity's (O.A.U.) Charter enshrined the principle of inviolability of borders. One should not underestimate the symbolic importance in Africa of the use of Soviet power to successfully defend the territorial integrity of an African nation.

In attempting to mitigate Soviet influence in Somalia after the conclusion of the Ogaden war, the U.S. confronts the dilemma of

at Nairobi. The cargo plane was impounded when its contents revealed arms and ammunition destined for Somalia. Egypt in retaliation seized two Kenyan passenger jets. Two days later all planes were released, but the Kenyans were bitter over their ally's actions. "Somalia's Five-Pointed Star and Kenya," *Africa,* April 1978, p. 43.

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arming Somalia at the expense of its relations with Kenya. Kenya broke diplomatic relations with Iran when it offered to arm Somalia to bolster Somali resistance to the U.S.S.R.[40] On the other hand, the evidence indicates that Somalia will succumb again to the hug of the Soviet bear unless U.S. initiatives are substantial. The U.S.S.R. could then revive its dream of an anti-Saudi confederation in the Red Sea region. Nevertheless, Kenya is the linchpin of Western support on the east coast of Africa. Even her neutralization (like Tanzania's) would profoundly affect the East-West balance of power in Africa, much as a pro-Soviet regime in Saudi Arabia would affect the global balance.

The Brezhnev Succession and Proxy War

The evidence suggests that Soviet proxy war successes are increasingly influencing the power struggle for Brezhnev's succession to the advantage of the more militant elements of the leadership. As a leading proponent of detente, Brezhnev recognized the threat which proxy war posed to this policy of cooperation with the West; thus, he privately assured the American government that Angola was unique and would not be repeated.[41] While this statement may represent calculated duplicity, it is equally probable that Brezhnev was sincere and that political forces spawned by perceived opportunities have gradually altered the regime's policy. Brezhnev is quite ill now and the forces set in motion by the Angolan successes have conjured up the dramatic involvement in the Horn, thus further conditioning the succession struggle. What represented a single, pragmatic, opportunistic calculation of costs, risks and benefits in Angola is evolving into a major new approach to Soviet foreign policy.

The direction of Soviet policy in Africa has clearly shifted from its African specialists, who are relatively cautious exponents of economic development, to higher officials in the Party organs, the military-industrial complex and the KGB. President Podgorny's extensive junket in the spring of 1977 reflected this transition process. The promotion of Dimitri Ustinov, head of the Soviet arms industry, into the ruling Politburo during the Angolan crisis foreshadowed a greater role for arms in Soviet foreign policy. Obviously,

40. See "Points on a Star: Kenya and the Horn," *The Economist,* February 25, 1978, p. 65.

41. Barnet, *op. cit.,* p. 42.

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his industry stands to benefit considerably from a rash of proxy wars. The presence in Ethiopia of five Soviet generals, including the second highest ranking army officer, General V. I. Petrov, indicates direction from the highest levels of the regime. This is further confirmed by the visit to Angola in December 1977 of Andrei Kirilenko, a close associate of Brezhnev's and a member of the Politburo's subcommittee on Defense and National Security issues.

The leadership appears to be heeding the policy advice of the more militant African specialists in the Party apparatus, rather than the African experts in the African Institute of the U.S.S.R. Academy of Sciences. But the decisive policy advice may be from the Institute of International Relations and World Economy, which argues that Soviet economic requirements demand a more aggressive foreign economic policy as an alternative to detente.

The debate in the Kremlin over its African policy is clearly not yet resolved. The presence of Party Secretary Kirilenko in Angola and General Petrov in Ethiopia suggests an effort to carefully restrain and orchestrate its policy as much as it does a prelude to escalating intervention. The assignment of the "moderate" economist and former head of the African Institute of the U.S.S.R. Academy of Sciences, Vasily Solodnikov, to the ambassadorship in Zambia raises similar questions.

Soviet Intentions in Zaire

Turning to the recent invasion of Zaire, we have known since before the first invasion in the spring of 1977 that the Soviets, Cubans, and the East Germans were involved with the Katangans in Angola; but then, as now, the paucity of evidence indicating that the U.S.S.R. *encouraged* the invasion of Shaba Province as distinguished from merely *countenancing* it and the halting fashion in which the invasion was executed, coupled with vehement Cuban denials of involvement, suggests, at the very least, a continuing debate in the Soviet regime over its African policy, despite its euphoria over the Ogaden War successes. It is, however, interesting that the Soviets reportedly bought huge quantities of cobalt, a major export of Zaire, just before the invasion.

Since the U.S.S.R. possesses vast quantities of cobalt, it is probable that it intends to resell the cobalt at the higher market prices resulting from the shutdown of the mines in Shaba after the invasion. The Soviets turned a similar profit with chrome from boycotted

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Rhodesia several years ago. Here again we see the foreign exchange motivation. While it might be argued that the huge Soviet cobalt purchases provide evidence of their involvement in the invasion of Shaba, it might also be suggested that this evidence proves only foreknowledge, not necessarily encouragement, of the attack.

It would be awkward for the U.S.S.R., East Germany, and Cuba to resist the determination of the Katangan exiles (whom they clearly did train) to return to their homeland, especially when their incursion might relieve pressure on the embattled President Neto of Angola. Of course, if the fragile Mobutu regime collapsed in the process, that would be a happy windfall for the U.S.S.R. But here again, *countenancing* an action must be distinguished from actively encouraging it, if we seek an accurate picture of Soviet intentions. The whole tenor of the second Zaire invasion suggests a continuing debate in which the more militant tendencies are gradually, but not decisively, gaining ground. One thing is certain—Soviet African policy reflects increasing confidence and sophistication, based on growing experience and success.

Conclusion: What Is To Be Done

Changing perceptions usually affect a power struggle and there is good cause to believe that the success of militant Soviet policies in Africa will continue to enhance the fortunes of more militant factions as the Brezhnev succession struggle draws to a close. American policy should attempt to deter these militant policies, rendering them expensive and counterproductive, while simultaneously rewarding the moderate elements of the Soviet leadership. Withholding the fruits of detente punishes the Soviet moderates, while mere verbal excoriation of the massive interventions in Africa tends to reward the militants. Devising a system of rewards and penalties adequate to the task of deterring militants and facilitating moderation requires analytical skills of the highest order. For example, it is highly probable that linking progress in the arms limitation talks with Soviet African policy encourages those elements of the Soviet leadership who advocate an expanded arms race. Such linkage is likely to arrest the process of negotiation without encouraging restraint, especially in Southern Africa where the temptations are enormous.[42]

42. The underlying rationale for this conclusion is derived from Carl F. Spielman, "Defense Industrialists in the U.S.S.R.," *Problems of Communism,* Sept.-Oct. 1976, pp. 52-69. See esp. p. 60 and pp. 68-69.

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Western analysis of the U.S.S.R. has proved highly resistant over the years to analyzing the policy implications of cleavages within the Soviet leadership, particularly over foreign policy. Some (including the authors) argue that this analytical failure has led to significant policy failures. While explicit cleavages are admittedly quite difficult to identify with precision, the general thrust of the debate is not. Developing a policy to influence these internal Soviet debates is extraordinarily demanding, but, perhaps, the *sine qua non* of our existence in the nuclear age.

Perhaps, as the respected American scholar-diplomat George F. Kennan, has advised, it is too much to assume that American foreign policy can "influence the selection of people who come to power in the Soviet Union. But it can affect the environment in which these people have to exercise that power. . . ."[43]

43. George Kennan interviewed by Marilyn Berger, *The New York Times Magazine,* May 7, 1978, p. 123.

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Why Carter's Welfare Reform Plan Failed

MARTIN ANDERSON

Congressional leaders informed President Carter on June 22, 1978 that his proposed welfare reform plan was dead for this session of Congress. There was not even enough support in the House to pass a compromise bill costing less than half the $20 billion price of the original bill.

Why did this much-heralded "reform" plan fail? The core of any valid welfare reform is the number of people affected and how they are affected. One of the first items the Congressional Budget Office (CBO) tackled when it began its analysis of President Carter's Program for Better Jobs and Income (PBJI) was what it called the program's "distributive impact," namely (1) how the program would affect "the distribution of (welfare) recipients and benefits by income level," and (2) "the number and types of families that would gain or lose benefits relative to the current welfare system."

The preliminary results were astonishing. According to the estimates of the CBO, approximately 44 million people in the United States currently receive some form of welfare aid from such programs as Aid to Families with Dependent Children, Supplemental Security Income, state general assistance, the earned income tax credit, and food stamps. Carter's welfare reform proposal would have increased by almost *22 million* the number of Americans receiving some form of welfare. Once President Carter's PBJI was in full operation some 66 million Americans would be receiving welfare. That is just about one-third of the nation.

This would be massive welfare expansion, not welfare reform. Some $20 billion more would be spent on welfare by the federal government every year and that raised some serious questions. The massive increase in welfare spending during the past decade has dramatically reduced poverty in the United States—so much so that there are few poor people left. Would Carter's plan have substantially increased welfare payments to the poor? The answer is no.

The welfare changes proposed by President Carter would have had an unexpected effect. The vast majority of the people who would have received welfare checks for the first time came from the middle-income group. A few came from the upper-income

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group. The number of people from families with pre-welfare incomes of less than $5,000 a year would have increased only slightly (5 percent) under the proposed reform. As we move up into the higher-income classes, however, Carter's welfare reform would have a greater impact. The number of people included in families earning between $5,000 and $10,000 a year would have increased by 36 percent.

But the greatest impact was to be in the income brackets between $10,000 and $25,000. Carter's plan would have given welfare benefits, including earned income tax "credits," to 11.6 million more Americans who come from families earning between $10,000 and $15,000 a year, an increase of 322 percent in the number of families. And 4 million Americans who now receive no welfare and come from families with incomes between $15,000 and $25,000 a year would also have benefited-a 154 percent increase.

The CBO's analysis of how the distribution of welfare benefits would have changed under Carter's proposed welfare reform clearly and dramatically shows that most of the new beneficiaries under PBJI would have come from America's middle-income class. There was to have been a minimal effect on people in poverty. Of the almost 22 million additional people who would have received welfare under Carter's plan 74 percent would have come from families having incomes of over $10,000 a year. And more than 94 percent of them would have been from families with incomes that exceed $5,000 a year. Carter's welfare plan, in its broad thrust, would have focused on aiding people not now receiving any welfare.

In summation, the welfare reform that President Carter originally proposed in 1977 would have probably cost somewhere in the neighborhood of $20 billion a year more than our current welfare system. Nearly 22 million more Americans would have received some form of welfare. Effective marginal tax rates would continue to remain very high and act as a serious disincentive to work. The administrative complexity of welfare would have been compounded and more welfare workers would have probably been needed to handle the increased caseload.

The problems caused by the separate existence of medicaid, day care, and housing assistance programs were ignored. An examination of the gainers and losers under PBJI shows clearly that those who need welfare the least would have gained in the greatest numbers. Those who cannot truly care for themselves and are on welfare now would have benefited little. The thrust of Carter's plan was to

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further the idea of a guaranteed income, expanding welfare into the heart of the middle class of America. This is not welfare reform. This is a potential social revolution of great magnitude, a revolution that, if it should come to pass, could result in social tragedy.

Those who followed past efforts at radical welfare reform were not surprised that President Carter's plan failed like the rest. From past experience, however, one can with some confidence predict that a new plan will soon spring, phoenix-like, from the intellectual ashes of the old ones.

Table

Distribution of Welfare Recipients by Pre-Welfare Family Income Classes under Current Welfare Policy and under President Carter's Welfare Reform Plan (PBJI)

Family Income Class	*Number of People Receiving Benefits under Current Welfare Policy*[a]	*Number of People Receiving Benefits under Carter's Reform Plan*	*Number of People Added by Carter's Reform Plan*	*Percent Increase*
Less than $5,000	25,600,000[b]	26,900,000	1,300,000	5
$5,000 to $9,999	12,000,000	16,300,000	4,300,000	36
$10,000 to $14,999	3,600,000	15,200,000	11,600,000	322
$15,000 to $24,999	2,600,000	6,600,000	4,000,000	154
More than $25,000	600,000	1,000,000	400,000	67
TOTAL	44,400,000	66,000,000	21,600,000	49

SOURCE: Robert D. Reischauer, Assistant Director for Human Resources and Community Development, Congressional Budget Office, statement to Task Force on Distributive Impacts of Budget and Economic Policy, Committee on the Budget, "Preliminary Analysis of the Distributional Impacts of the Administration's Welfare Reform Proposal," October 13, 1977, page 13, Table 2(a). Preliminary estimates as of October 12, 1977. Based on earlier CBO studies, an average family size of 2.824 was used to convert numbers of families to people.

[a]Includes Aid to Families with Dependent Children, Supplemental Security Income, state general assistance, food stamps, and the earned income tax credit.

[b]Number of people rounded to nearest 100,000.

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The Politics of Policy Analysis: The Day Care Experience

B. BRUCE-BRIGGS

The advent of policy analysis is one of the more interesting innovations in government during the last generation. This essay will briefly describe this important development, illustrating it by the examination of a particular issue in policy analysis—the controversy over federally-sponsored day care.

Superficially, the idea of applying social science method to government activities sounds promising or ominous, depending on your point of view. On the one side, the application of systematic thinking to public policy would seem obviously beneficial—do not businesses and other organizations employ "scientific management"? Conversely, policy analysis could be labeled "social engineering"—just as physical engineering wields the natural sciences for real-world applications, policy analysis applies the technique of social science to "social problems," which is bound to unnerve those who bristle at the idea of government manipulating society.

But perhaps the most valid characterization of policy analysis is that it is "banal"—governments have always made decisions, have always contemplated options before making decisions, and have always considered the costs and benefits of those various options. Policy analysis does little more than formalize this process, albeit with a fixation for "hard" data reflecting the high value placed on numeracy in contemporary culture. All the policy analyst does—or is supposed to do—is bring information to the attention of decision-makers regarding the costs and benefits of various alternative means of achieving *given* goals. This last is important: in any polity, be it communist or democratic, the ultimate decision-making ability rests with the political leadership—those with power. The policy analyst can only inform—he is the quintessential staff man.

It may be objected that this is a naive formulation—yes, he can only inform, but through his control of the flow of information he can affect decisions. If the analyst lays out the options of a, b, and c, but deletes d, e, and f, he has already loaded the decision and, to the degree that he manipulates the information on costs and on benefits, he is controlling the decision. Fortunately, no policy analyst to my knowledge has ever had such power. Efficient decision-mak-

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ers do not trust anyone entirely and seek alternative advice. Furthermore, a policy analyst is trained and conditioned to work as a disinterested technician, largely ignorant of the politics involved in the decision. This factor often leads eager young policy analysts to despair or cynicism at learning that what was obviously the preferred solution was rejected for political reasons. That is as it should be—politics is the politician's job. And, to return to the theme, the policy analyst only deals with means, not ends. It is not his decision that America should abolish poverty, spread democracy throughout the world, or upgrade public health—in the American system, such goals are the province of the appointed executives, the elected legislatures, and presumably, ultimately the electorate.

What? The policy analyst is supposed to be indifferent to the ends to which his knowledge is used? Yes, indeed; he is supposed to be "a professional." Just as the doctor should cure any patient regardless of his opinion of the moral quality of that patient or as the lawyer must defend his client regardless of his opinion of the justice of the client's case, the policy analyst, having once decided to be a policy analyst, is supposed to go disinterestedly toward the goals set by his client.

Since the New Deal the national government has been dominated by elements that favor revisions to the political economy which are advocated by persons identified as "liberals"; so, most domestic policy analysis has been of programs which tend to expand government intervention into areas previously reserved for private decision-making. So, on the domestic side, policy analysis has been, if you like, aiding and abetting Big Government. The analyst usually faces a situation in which the decision-maker believes that his political well-being demands that government "do something"—so the analyst must advise what can be done which will be the most effective or, at the minimum, the least ineffective. To those who consider that these reforms have been adverse to the national well-being, so-called "conservatives," policy analysis seems "Left."

National Security Agencies, the Biggest Consumer

This is not quite true. While I know of no calculation of the relative amounts, most policy analysis has been conducted under the auspices of national security agencies. Indeed, the first formal policy analysis was performed for the Department of Defense, particularly for the U.S. Air Force, which took a lead in engaging technicians and scientists to work on military problems. Here the

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problem of the analyst was how to most efficiently bolster the armed strength of the United States. This analysis, as in all human endeavor, has been considerably less than entirely successful—indeed, in many cases one can see where more primitive forms of analysis might have been superior. For example, the claim of conservatives and of the bulk of ordinary Americans that the correct Indochina policy in the early 1960s was "get in or get out" in retrospect seems far better informed than the more subtle calculations of Messrs. Bundy, McNamara, and their peers. However, these were political decisions made not by rationality but by "pseudo-rationality."[1]

Returning to the domestic side, one could elaborate for the length of this journal on how policy analysis could be put to "conservative" purposes. Let me suggest a case which is trivial but not bizarre. Many persons of a conservative bent believe that requiring school children to wear uniform clothing would improve what once was called "deportment." Here is how a policy analyst would deal with this issue: first, such a policy has obvious costs; the administrators must invest time, energy, and perhaps even money in initiating, implementing, and enforcing such a policy; the parents would have financial costs; and the students would lose liberty in their personal choice of clothing. These costs are apparent, so an advocate of a school uniform policy must be prepared to demonstrate benefits. There must be a positive output. What do you mean by "deportment"? How do you know it is better or worse? How do you compare it? Therefore, how do you measure it? How valid are the data on poor deportment? How reliable is the reporting?

Having established measures, then output can be examined. Merely comparing deportment in schools with or without uniforms is interesting but insufficient—other variables may lie behind the decision to have uniforms or not. Examining historical changes before and after dress codes have changed has the same weaknesses; other things have changed—all deportment may have become better or worse. So the analyst would gather data on many schools and try to estimate how much deportment change was related to uniform variables and how much to other factors. The best approach is a formal experiment, comparing uniformed students with a non-uniformed "control group." (But here great care is necessary, be-

1. For example, Mr. McNamara's passion for standardization led to the attempt to specify one single belt buckle for all the military services, as if any substantial benefits were to be gained from producing three million of one belt buckle versus three runs of a million each.

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cause if the students resist the dress code and know that its permanence depends upon their deportment, obviously they will have strong incentives to behave more ruffianly or sluttishly than previously, so the purpose and length of the experiment must be kept secret from them and—yes, one is manipulating them.[2])

Neutrality of Approach

Note that the approach above is cool and presumably objective. Policy analysts tend to think of themselves as complete products of the Age of Reason; among them "ideologue" is a term of reprobation. To go into a problem with preconceived notions of how it should turn out is considered rather bad form and unprofessional. In the real world, however, this value-free approach is impossible. Indeed, the belief in the validity of reason applied to policy is in itself, as has been pointed out by critics of Left and Right, an ideology. The charges from the Left that policy analysis is basically conservative because it props up the existing capitalist system cannot be refuted within the ideological framework of the complaints; however, most of the objections of the Right may be fought off a little more easily. Take the most thoroughgoing and learned attack on political positivism, F. A. Hayek's elegant *The Counter-Revolution of Science.* He challenges the idea of using science to shape an entire society toward some predetermined end. No policy analyst would even dream of doing so. They devote themselves to specific, concrete problems and, like the individual actor in the ideal free market, they do not seek infinity or zero, but more or less. The first lesson taught to the student at a school of policy analysis is that everything in this world has costs. That is a fundamentally sobering notion, and no person can then act under such assumptions and have a grandiose idea of building a brave new world, for better or for worse. It is the political leadership, in its wisdom, that announces social goals such as "full employment," "abolishing poverty," "sweeping the criminals from our streets," or "pure air and water." The policy analyst, no matter what the goals of his boss may be, must limit himself to less poverty, less crime, less impure water, and so on. Nonetheless, the charge that policy analysis is "statist"

2. Some of the problems inherent in social experiments of this type are nicely summarized in Martin Anderson's *Welfare* (Palo Alto, 1978), pp. 103-127.

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is correct; however conservative, it assumes the power of government to make decisions.

This does not mean that policy analysts cannot be on the Left. Indeed, the earliest serious precursors were the English Fabian socialists; they were by no means "bleeding-heart" liberals or believers in some socialist millennium, but were advocates of tough-minded administration from the top. Of course, they had an exaggerated notion of their own cleverness, a sentiment not limited, I believe, to the Left, and a rather superstitious regard for official published numbers which, among other things, led them to some rather unusual ideas about the character of Stalin's Russia. On the Right, of course, one of the great triumphs of policy analysis in recent years was the welfare reforms carried out by the Reagan administration in California, which have to a considerable degree been adopted throughout the nation.

Still, at another level, the policy analyst, by the nature of his activities, is not working for himself. He has an employer or a client. Like any prudent person in such a position, he is not about to tell his patron loudly that his goals are stupid or that the means used to pursue them in the past have been ineffectual or even backward ("counterproductive" in the jargon of the field). And there is, as in all relations between people, the temptation to tell the purchaser of the services what he wants to hear. The bearer of bad news has not been well rewarded by popes, kings, or corporation presidents. One must be at least very cautious in presenting bad news.

The Early Days of Policy Analysis

For this reason much policy research is let out to outside contracting agencies. This originated in the engagement of scientific talent in the Second World War and was institutionalized by Project RAND of the U.S. Air Force and its imitators. This arrangement was considered desirable for two reasons. This kind of talent did not lend itself to routine civil service personnel procedures—it was necessary to promote, redeploy, or discharge people without regard to their seniority or standing in the "merit" system. Also, there was a desire to pay people much more than the limited salaries available in the then (but obviously no longer) parsimonious civil service scales. Furthermore, the central point of policy analysis was to get an outside, independent judgment, and people who were permanently within the system would clearly be too prudent to tell the emperor that he had no clothes.

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At first, the outside policy analysts got away with murder because no one inside could evaluate their output. Much of the work, especially the early RAND work, was of enormous value, but much of it also was quite worthless, the pursuit of individual hobbies and occasional charlatanry. This has been mitigated considerably by building a capability within the system for critical consumption of policy research. For example, a serious grounding in policy research is now part of the education of military officers who seek high command, and for better or worse, they know how to deal with "whiz kids."

It has also been noticed that, in many instances, individuals have left the bureaucracy, formed outside consulting organizations, and then contracted with their former agencies. It seems rather smelly, but is probably inevitable, considering human nature and organizational requirements. People prefer to deal with people whom they know to be competent and whom they know to be conversant with their problems. The alternatives would be to put matters out to purely anonymous bids, which would lead to all sorts of peculiar results, or to keep all analysis within the government, thus reinforcing its inbred bureaucratic quality.

The other option, of course, is to get rid of policy analysis altogether, which would then leave the government entirely at the mercy of the political leadership and of civil servants dumbly carrying out orders. The only influences would then come from whomever was organized to manipulate data outside the government. In practice, this would mean the universities and other organizations, such as the Brookings Institution, and these, for the most part, must be considered agencies of "the New Class" which benefits from the expansion of government. In truth, concerns about consultancies are political—the Right objects to them in the social agencies; the Left objects to them in the national security agencies. Since the great bulk of such arrangements are with national security agencies, abolition of the policy consultancies would, on balance, aid the American Left and its friends abroad.

The Day Care Controversy

But other forms of political influence and their effects on policy also interject themselves into the system. Let me use as a case the current struggle over the expansion of government-sponsored day care in the United States. First, let me set forth *my* interest in this matter. I became involved in the subject of day care in a peculiar manner which made me about as disinterested as any analyst could

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be. Several years ago I had a sort of summer fellowship at a leading business newspaper. Among other things, it conventionally asked what the costs are of the various programs advocated by politicians. My attention was called to a speech made by a then presidential candidate, Mr. James Earl Carter, regarding his program for the improvement of family life in America, which included a vastly expanded system of "day care." Wanting to cost this out and noting that a well-known congresswoman had written in defense of day care for that very newspaper some months before, I called her office and asked for the staff man who was working on day care. The woman who came on the phone was quite effusive—in addition to advocating a universal day care system, she claimed that she had no idea what it would cost per child or in total but it was terribly needed, and told me some other things that were so bizarre that I concluded that the issue warranted closer examination.[3]

Even though the particular newspaper is scrupulous in its concern for accuracy, in-depth study is not cost-effective for journalism, so the research was mostly done by telephone, attempting to represent differing views on the cost and effectiveness of day care. Coming from a background of policy analysis, I asked around to find who had done serious independent work on the subject and came upon a group of researchers who had been active in the field. These people on the whole talked with what sounded like sense.

The other principal actors were the supporters of day care who in every instance gave me information which was not believable, or worse, from their point of view, which actually damaged their cause. Another group of players was identified by vaguely recalling a paper on child development produced by a woman at The Heritage Foundation. She was tracked back to Texas and located a network of women who were actively engaged in fighting government-sponsored day care, presumably on "ideological" grounds. That is, they had no economic or organizational interest in the matter, but were motivated by their views of what should be the proper relationship between mother and child and between family and state. As a policy analyst, I was not particularly impressed by their ideological concerns. After all, their ideology did not address itself to the central issue—that is, were children and mothers suffering because of a lack of day care in the United States?

3. I later learned she was not staff at all, but a full-time lobbyist for the social services department of a major city.

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Sufficient data were eventually gathered to write what I considered to be a credible newspaper piece. It was, on the whole, critical of the position held by the advocates of the need for an expanded government role in day care, but not hostile on ideological grounds, that is, it did not see day care as some threat to the family, the nation, or Christian civilization, but rather for the ordinary reasons that the need for day care was grossly exaggerated by its supporters and the presumed benefits of day care to the recipients were not proven because the data were inadequate. In policy analysis the implicit assumption is that a lack of data on something weakens a case. This is a flaw, but it is in a considerable sense a conservative flaw. That is, if you must have persuasive data before you can change something, you strengthen the *status quo.* Furthermore, my disregard of the viewpoint of the anti-day care ideologues points out another issue—it is quite conceivable on theoretical grounds that their concerns are a real possibility—that government day care could be part of a long-term erosion of the individual family, part of the evolution of America toward a thoroughly statist system. But, if you cannot act before being sure the long-term effects are entirely benign, you cannot do anything—witness the effective blocking tactics of the environmentalists.

On the basis of the newspaper article, the editors of *The Public Interest* commissioned me to do a longer, presumably more serious piece, offering the opportunity to review studies and reports. The data were surprisingly slim in nature. This is understandable because day care as a public policy issue only really emerged seriously in the 1970s and by 1976 there had not been adequate time to commission and carry out serious in-depth studies of the desirability and effectiveness of day care. However, it was possible to draw some conclusions on the basis of the data then available. This is a summary of *The Public Interest* article which was submitted to *Sociological Abstracts:*

> An analysis of the political debate over a major expansion of the role of the U.S. government in assisting institutional services for children, especially infants, or so-called "day care," which, on the basis of available social science data, policy research, and personal interviews, concludes that: (1) the alleged need/demand for day care is grossly exaggerated by its supporters; (2) the alleged positive effects of day care on child development are dubiously supported; (3) the enormous expense of universal "professional" day care would certainly add to the tax burden on families, possibly exacerbating the family problems day care is held to alleviate; and (4) the most efficient explanation for the day care agitation is the direct economic interest of its supporters.

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Let me elaborate on this slightly. On Number 1 above the data seem quite clear, namely that the day care advocates' assertion of a huge unmet demand is largely specious. Almost all children are cared for by their mothers or by a relative or by a neighbor woman. Only a very few women avail themselves of or seem to want the type of institutional day care considered in most policy discussions. But a subtle ideological issue inevitably intrudes. Even if women are now satisfied with the care of their children, what if they had the option of a nearby facility, well-equipped, staffed by well-trained professionals, and "free"? When offered that choice, obviously many will be dissatisfied with searching for day-care on their own. Government-induced supply inevitably generates increased demand.

Gathering Data on Day Care

It is also unchallengable that the sort of day care advocated by the day care lobby is incredibly expensive. In late 1977 a representative of the Child Welfare League of America, one of the most aggressive of the lobbyists, cited costs of $3,317 for "acceptable" care and $4,131 for "desirable" care per child per year.[4] There seems to be no definitive explanation or justification of these incredible costs, almost all of which are for "professional" staff. And, indeed, the federally-mandated standards for day care centers seem to be based upon no serious evaluation of the costs whatever (which has not escaped the notice of Congress; HEW is currently under a mandate to come up with new ones—which are strangely delayed).

Number 2 is the most doubtful of all. Measuring the effects of various types of programs upon children is extremely difficult. Testing is a tricky enough business for literate children, much less for pre-literate ones, and determining the long-term psychological effects seems particularly intractable. Here we must resort to examples of long-term effects of day care in socialist countries which is intended to generate a social personality—conformist and re-

4. It has now been almost forgotten that modern interest in government day care began as a "conservative" policy initiative, to respond to the enormous costs of supporting the children of welfare mothers by providing care for their children so the mothers could be put to work. Policy analysis—in this case simple arithmetic—has killed this idea; providing institutional day care is *more* expensive than straight AFDC payments and at least the welfare money goes mostly to the poor rather than mostly to "helping professionals."

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spectful of the state and its institutions—not considered the ideal by the sort of people who advocate government day care in America. The other major example, the kibbutzim of Israel, is so obviously a special case that it would hardly seem worth examining for relevance to American conditions.

However, here the "one-way" argument is relevant—advocates were for years claiming that children would be *better off* under day care than being cared for by the woman down the block—and there does not seem to be a shred of evidence to indicate that this is so. Since the woman down the block is there and is performing the service, why replace her with expensive "professionals" in formal day care centers? Stripped of all the qualifications and jargon, my conclusion was that the day care agitation was a blatant racket to aid the people in the day care business.

In the course of this research I became unintentionally embroiled in another matter, of little import in the wider scheme of things, but wonderfully illustrative of the pitfalls of policy analysis. Very early on I was informed of the "Larson Study" which I learned was a study conducted by the Stanford Research Institute. This is a highly regarded institution, formerly affiliated with Stanford University, which conducts policy research for government organizations, as well as consultancy for business. Its work is rarely brilliant—little work is brilliant—but usually competent. "Larson" turned out to be Meredith A. Larson, a staff member of SRI who had conducted a piece of policy research on day care published in 1975. On the basis of her study, correspondence, and telephone conversations, I conclude that Miss Larson is a good journeyman policy analyst. This is not to be perjorative or damning with faint praise—her work is competent but not brilliant, indeed, of the level that should be expected of good work in any field.

As appropriate to policy analysis, she had not done any original research of her own, but gathered and examined that research related to the issues posed by the terms of the study. In this case, she addressed the conventional questions—what is the demand for, what are the costs of, and what are the results of formal day care? Her conclusions were even more negative than mine.

Those who have an image of the social welfare bureaucracies as insatiable octopi grasping for power will be surprised to learn that this study was funded by the Department of Health, Education and Welfare and at a level low enough that any "conservative" political influence from the top of the Nixon administration was highly unlikely. (Policy research must be performed for clients high

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enough in the bureaucracy to be useful, but low enough to be honest and objective; it cannot be done for the political leadership to whom opposition is near treason.) The client was the Office of Education whose function is to administer the various federal-aid-to-education programs put into effect in the 1960s and whose principal constituency is what former Representative Edith Green called "the educational-industrial complex," one of the chief figures of which, Mr. Albert Shanker, President of the American Federation of Teachers, has advocated universal "free" day care, federally financed and administered through the schools. (By the way, this would cost $100 billion annually.)

At the present time federal control of day care is up for grabs. Those programs, which have crept incrementally over the last decade up to roughly $1.8 billion a year, are now scattered among dozens of agencies. They are mostly, but not exclusively, in HEW. A bureaucratic operative maximizing his interest as indicated by political theoreticians should be eager to get his snout in this particular trough. Not so. OE was behaving perfectly rationally. Few bureaucrats are the greedy power seekers lately depicted, but resemble more closely the older style of time-serving hacks. In any field of human endeavor, entrepreneurs are rare. OE has enough trouble dealing with the difficulty it causes local school districts with the quite impossible goals that Congress has set for it. Day care is just another potential hassle; had OE any doubts on that score, they were disabused shortly after the publication of Larson's study.[5]

The Response of the Day Care Lobby

The day care lobby responded almost immediately and vigorously. A "critique" of the SRI study appeared, labeled "illustrations of errors in fact and judgment, selective use of data, improper methodology, unfamiliarity with the subject and unsubstantiated conclusions found to characterize . . ." the Larson study. This was produced under the rubric of the National Council of Organizations for Children and Youth, the umbrella day care lobbying organization. The critique was unsigned by any individual, but was endorsed by many institutions. In addition to obvious interested parties such

5. I have heard the theory that OE supported the Larson study as part of a conspiracy to block government day care *now* in order that the field will be open for the teachers in the future. Since I also heard that I was part of that conspiracy, the theory lacks credibility.

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as The Association for Child Education International, The Child Welfare League of America, and so on, more broad-based national institutions such as the American Association of University Women, the National Council of Jewish Women, the National Consumers League, American Federation of Teachers, and the Salvation Army also had their names on it. One leading day care figure advised me that the critique was written by Mary Dublin Keyserling of the National Consumer League (former head of the Women's Bureau and wife of the economist Leon Keyserling). Mrs. Keyserling denied it; however, in conversation she described the report as "damnable." Miss Larson was characterized as incompetent and/or dishonest. More important, "On the basis of the memorandum's serious inadequacies and unscientific approach we wish strongly to recommend that your Office return it to the Stanford Research Institute as unacceptable, with a request that the Institute not release it to the public."

The critique makes two legitimate points. The study lacks the usual disclaimer to the effect that the opinions expressed therein are those of the author and of the research organization and should not be construed as representing the opinions or policy of the contracting agency. If the client were held responsible unbiased research would be impossible. This was a serious slip, but does not reflect on the quality of the research.

The most substantial criticism in the day care critique is properly put right up front. They challenge Miss Larson's implication that the "need" for day care is not expanding rapidly. The wording in the original report (modified in response to the critique) is ambiguous and practically unreadable. Day care advocates like to emphasize the increase in the percentage of women working outside the home, which implies a rapidly increasing demand for institutionalized day care, while Miss Larson wished to emphasize that the birth rate has been declining so that the total effect is that the potential market for day care has been increasing only slowly. Her phrasing emphasized that the increase in the demand for day care was not as much as had been projected in the late 1960s. Here we may witness the glee of the researcher in discovering something contrary to the common opinion in the field—in policy research, satisfaction and reputation go with results that go against the "conventional wisdom" or are "counter-intuitive."

The remainder and the bulk of the critique is easily refuted by reference to the original report or to Miss Larson's rejoinder. Let me cite several examples.

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The critique reads, "In addition, by failing to mention that the number of young school-age children who need before- and after-school care is even larger than the number of pre-school children that need day care, the author considerably understates the need." The report, however, is clearly titled "Federal Policy for *Pre*-School Services."

"She contends," the critique continues, "that the increasing availability of affordable day care services will not reduce the number of latch-key children and states (p. 50) 'making changes in the existing center-care programs does not seem to offer much hope, since latch-key families are from predominantly middle-class families.' The author offers no evidence that the problem is mainly middle-class and essentially attitudinal."

As I read her paper, however, she does not characterize the problem as "essentially attitudinal" and does cite evidence in a table on page 44 that latch-key children are predominately from middle-class families.

The critique goes on to quote Miss Larson as follows: "She states that '. . . programs which include health and educational components, along with all day care, cost a minimum of $6,000 a year' (p. 20)."

Her text on page 20, however, states "Finally, there are some day-care centers, almost always highly research oriented, that provide 'maximum' health and educational programs along with all-day care. We have labeled such centers 'intensive' and discussed them in greater detail later. First-hand accounts of operating costs for these intensive centers are almost impossible to obtain. Rough estimates for their services, based on reported personnel use, would be at least $6,000 per-child, per-annum. Costs could exceed this by a factor of 2." In her paper, she nowhere implies that this level of expenditure is typical.

The critique also picks nits on the numbers of children and working mothers, offering alternatives differing only slightly and in no way affecting the analysis. Miss Larson was easily able to respond by merely citing her sources.

In summary, the critique was mendacious, but, more importantly, it was stupidly mendacious, in that it is very easy to check. I have belabored this to emphasize what seems to me to be a very important point: If we accept a cynical view of the motivation of the day care lobby—that they are deliberately lying to raid the Treasury, one would think that they would lie intelligently; in fact, they simply

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cannot respond to any evidence injurious to their cause except by hysteria.[6]

Policy Analysts Are Not 'Experts'

It might seem the epitome of gall for the day care lobby to charge Miss Larson with not being like them, an "expert." But they are absolutely right; a policy analyst is not an expert, does not pretend to be an expert, and is therefore in many cases *more* competent to evaluate the material impartially than the expert is. An expert in any field is almost certainly an interested party. He makes his living from the field; he has taken positions he must defend; he has cronies and rivals; he must live with his colleagues. The policy analyst is the hired gun who comes to town to make one hit.

The worst flaw in the Larson study was not called out by the NCOCY critique, but is all too typical of policy research—the study was naive in two ways: by assuming that the existing research was the last word and by taking the "data" at face value. While she was correct in pointing out that the existing evidence did not support the day care position, she did not properly recognize that the evidence was far too weak to justify any strong statement on most aspects of the issue. Since policy analysts live by their ability to manipulate data, they have strong incentives to make more of them than is warranted. As Herman Kahn has pointed out, most data are made up. All indicators such as averages, medians, and percentages, are abstractions calculated from gathered numbers, often of doubtful reliability (especially when the source of the data has an interest in the outcome of the analysis). This is an inevitable fault which can only be controlled by continual skeptical criticism.

The Larson study was done under a contractual arrangement characteristic to policy research operations. SRI had (and has as of this writing) one of three "educational policy research centers" under a three year contract from the OE. A long-term contract has the obvious advantage of permitting the research organization to recruit a staff or, more probably, to permit permanent staff to

6. This is a Marxian, rather than a Beardian, interpretation of the economic motivation of ideology. An acquaintance of mine who is a trustee of an ancient settlement house in New York, which has long provided day care, reports that the staff formerly complained that government standards were hindering their performance, but now sincerely demand more government funding to meet those same standards. Having bit the apple, they cannot believe that it is poisoned.

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familiarize themselves with the problems and concerns of the contracting organization. Typically, contracts are written to cover specific annual research, but in practice a great deal of latitude and flexibility are tolerated. As with so much in policy analysis, this sort of arrangement was first derived from the experience of "Project RAND" of the Air Force in the late 1940s which led to the formation of the RAND Corporation. The interplay between the contractor and the research organization is complex; for it to survive there must be a considerable level of harmony. One key element is geographic. By accident, the RAND operation was begun at Douglas Aircraft in Santa Monica, California, three thousand miles from the Pentagon, and distance seems necessary for the research organization not to get bogged down in day-to-day operations (such as, answering the latest inane query from some junior congressional staff member). Distance also quarantines the staff from "Washington Fever," the belief that the attitudes and issues of the government and its surrounding aura of lobbyists and other hangers-on are the nation. Any self-respecting government agency must now have its contract research organization. Obviously, wending between the Scylla of being a rubber stamp and mouthpiece for the contracting agency and the Charybdis of being totally "independent" (which in practice means being answerable to one's academic peers and therefore being irrelevant to policy) is very difficult to achieve. Whether or not SRI is doing so in its educational policy research center, I am not competent to judge. But the Larson work looks rather good beside some examples of research commissioned directly by the day care bureaucracy.

Interest Group Surveys

As one would expect, research produced by the agency with the most direct interest in the subject, the Administration for Children, Youth, and Families, at HEW, has been much more favorable to day care. A poll of day care usage. "The National Child Care Consumer Study," discovered an enormous volume of day care used in the United States. Of course, almost all of this was by relatives, friends, and neighbors—which we already knew. And the summary reads, "Fifty per cent of all respondents were either neutral toward or in agreement with the statement 'I would be willing to have my taxes raised in order to support child care activities.'" Since the data read, "agreed," 9%; "strongly agreed," 26%; "neutral," 20%—this would normally be presented as stating that half the public is

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not willing to pay more taxes. A good rule for consumers of policy analysis is to read summaries and highlights to determine what the producers/promoters want the reader to believe—then go deeply into the detailed data.

Another effort supported by ACYF was a survey of the persistence of pre-school educational programs, evaluating the outcome of some seventeen studies performed from the late fifties to the early seventies. Going back to groups of children studied previously, some of whom are now in their teens, to see how they were doing later on is potentially a very promising approach. Unfortunately, despite some references to them in the text, these long-term effects are not detailed. The oldest age shown for any children is ten years, and although the authors and the ACYF claim that the study proves the beneficial effects of day care, this is by no means demonstrated by the sparse and rather confused data displayed. In fact, several of the studies were not of day care, but of programs such as "Home Start" which merely send social workers around to homes occasionally to advise parents on taking care of kids. "The Persistence of Pre-School Effects" study demonstrates only what previous studies have shown—that pre-school programs can have some small measurable positive effects in the first three years of school which disappear thereafter.

The oddest claim in the study is the conclusion that: "Well planned curricula for young children in day care and Head Start are likely to reduce later costly special education or remedial programs in schools." Not a scrap of data is presented to justify this contention. Whether or not this was intended to be propaganda is difficult to say because the internal organization of the report is so thoroughly muddled that this probably reflects a lack of competence rather than conscious mendacity. It was performed by a consortium consisting mostly of professors at obscure universities.[7]

In fact, the serious studies on the effects of day care on child development follow along the lines laid down by "The Coleman Report." At the beginning of The War On Poverty, Congress directed that a study be made of the deprivation of black school children in the United States. A team led by James Coleman, a sociologist of impeccable liberal credentials, labored mightily and produced its report, *Equality of Educational Opportunity*, which doc-

7. The study opens with an attack on "elite" Harvard scholars, ranging from the hereditarian Herrnstein to the socialist Jencks. "The new class" is no more monolithic than "the working class" or "the business class."

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umented how black schools had less spending per student, older facilities, less well-equipped facilities, less well-paid and well-educated teachers, and so on. They concluded, however, that it made no perceptible difference in the quality of education. What matters is who the children's parents are. The Coleman data have been reanalyzed by Right, Left, and Center, and found to be essentially sound. Nevertheless, since 1965 spending on education and teacher training has grown to a level where more is spent on education than on national defense.

Perhaps one could say that the Coleman report was an obscure tract for scholars which could not be expected to affect the public consciousness. Not so—one of Coleman's findings was the suggestion that students from less advantaged backgrounds did better in school when mixed with students of higher socio-economic status—and this finding (which has since been challenged and refuted) became one of the ideological underpinnings for school busing-for-racial-balance. Coleman himself has since analyzed more recent data and concluded that no benefit whatever derives to black or white students from school busing—and has been branded a racist for his efforts.

When used properly, policy analysis can serve the function of a shock absorber on a car—the wheel still bounces, but in a more controlled and predictable fashion. Policy analysis helps, but interest and ideology override—but we knew that already.

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The Institute of Economic Affairs

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Milton Friedman
Hoover Foundation Lecture at Strathclyde Business School, Scotland, April, 1978.

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The Third World and the Free Enterprise Press

JEFFREY ST. JOHN

The Russians and their Iron Curtain allies seek to foster news media control worldwide because control of media is a major element in their political system, and they want their system to penetrate the world. Third World nations are strongly drawn to controls because for the most part they have fragile and authoritarian governments lacking a secure popular base.[1]

Clayton Kirkpatrick
Editor,
Chicago Tribune

The main mechanism for this attempt to erect a global dictatorship of thought is the United Nations Educational, Scientific and Cultural Organization (UNESCO), using a campaign cleverly camouflaged as "developmental journalism." The United Nations, since its founding, has promoted state economic planning at the expense of private enterprise. The idea, therefore, that the state should plan and control the content and own the means of communication is only an extension of state ownership of the means of economic production embraced by Communist and some Third World nations.

Chicago Tribune editor Clayton Kirkpatrick, at a November 1977 Nairobi UNESCO conference, rebuked delegates who sought to pass a resolution sanctioning state ownership and control of the means of communication; not only was the resolution, he said, "truly revolutionary for UNESCO," but a complete repudiation of the U.N. Universal Declaration of Human Rights.

> Draft declaration 19C/9, [argued Kirkpatrick] reflects the views of some nations that regard the mass media as a political arm of the state. It reflects the view that information media are to be used as a tool or implement to further the aims of the state. In these states the interests of the state take precedence over the interests of citizens as individuals. Therefore,

1. Transcript, speech before Newspaper Publishers Association, April 2, 1977, San Francisco, California.

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the media must be responsible to the state. They must submit to the control of the state. The state must constantly be drafting policies to control media as conditions change.[2]

TV: Threat to Totalitarianism

Apparently, since the late 1960s, the Soviet Union has added control of the means of communication to its long-range campaign to establish a Communist global commonwealth. In 1969 the Soviets saw the growth of global television technology as a threat comparable to that of shortwave radio broadcasting, which effectively penetrates the Iron Curtain via the Voice of America and Radio Free Europe. "It is enough to imagine," complained Soviet historian Ylian Sheinin, "what malacious use such information channels for reactionary purposes might lead to.[3]

It was shortly after this statement was made that a Soviet-inspired campaign against all free information channels began to take shape, surfacing in 1971 at UNESCO. Today, according to former CBS News President and present head of Radio Free Europe, Sig Mickelson, the West "faces a formidable alliance, a combination of Soviet ideology and compatible support from Third World countries. It is this alliance which poses a grave menace to the free flow of information and threatens to make freedom of the press an endangered species."[4]

Leonard R. Sussman, Executive Director of New York's Freedom House, contends that little doubt exists that UNESCO, dependent for 25 percent of its annual budget on the United States, is cooperating with the Communists in this campaign against the free enterprise press. Sussman notes that UNESCO has been cooperating with the Prague-based International Organization of Journalists (IOJ) that provides a flood of Marxist propaganda to Third World journalists. "All this," he writes, "builds on existing Third World complaints against the Western news media in order to advance Marxism's political and economic goal: the ultimate defeat

2. Clayton Kirkpatrick, "United States Statement at UNESCO," published by World Press Freedom Committee, Miami, Florida, 1977.

3. "Russia Sees Peril in World Television," *The New York Times*, January 29, 1969.

4. "The Free Flow of Information," speech, Cleveland, Ohio, reprinted in *Vital Speeches*, January 21, 1977.

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everywhere of free market economies, non-Marxist political systems, and their matching 'bourgeoisie' cultures."[5]

Hubris of Human Rights

Until recently, the independent press of the West covered the United Nations with a less than critical eye in the face of blatant Soviet efforts to dominate it. Communist and Third World influence on the U.N. in the 1970s has invoked the observation of some in the media that while the United States in concert with the independent press supported the post-World War II drive for the freedom of Third World nations, it now finds both the United Nations and Third World nations turning against its most valued institution: the free press. At the same time those nations in the U.N. expect of the U.S., which is also the host nation for the U.N., practically unlimited financial assistance.

Third World nations, moreover, have embraced most enthusiastically the human rights campaign of the Carter administration while at the same time becoming active participants in the most basic violations of human rights, specifically, freedom of expression. In fact, any overview of the UNESCO campaign and support by Third World nations demonstrates why the human rights effort of the Carter administration has become so confused and contradictory.

In Latin America, for example, the three nations lauded by the Carter administration for their devotion to human rights and democracy have taken an active role in the UNESCO campaign. Costa Rica was host to a July 1976 UNESCO conference. However, at that conference members of the Inter-American Press Association sought to derail a series of proposals that called for government licensing of journalists, nationalizing private broadcast stations and newspapers, and establishing government-mandated "communications policy" for resident newsmen. The publisher of the *Miami Herald,* George Beebe, an IAPA delegate at the San Jose UNESCO conference, was denounced by the then Foreign Minister of Costa Rica for creating a "hostile climate" for "the noble cause UNESCO was promoting."[6]

5. "Mass Media and the Third World Challenge," *The Washington Papers* (Washington, D.C.: Center for Strategic and International Studies, Georgetown University, 1977) pp. 5-6.
6. *Ibid.*, p. 23.

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Colombia and Venezuela, both considered by the Carter administration as outstanding examples in Latin America of nations dedicated to human rights, jointly teamed up against the free enterprise press when a January 1978 UNESCO conference was held in Bogota. Venezuela sponsored a resolution (unanimously approved by the UNESCO delegates) calling for the creation of government-funded news services operated by Latin governments, a major goal of the Soviets and their Third World allies, at the November, 1976, Nairobi meeting. Moreover, Costa Rica, Columbia and Venezuela all have laws requiring that local journalists be licensed.[7]

In October 1977, Terrence Todman, Assistant Secretary of State for Inter-American Affairs, informed the IAPA delegates that the Carter administration was firmly behind a free enterprise press. However, at the Bogota UNESCO conference three months later, *Editor & Publisher*, the U.S. newspaper trade journal, reported that the U.S. was not even represented by an observer, even though the State Department knew that a resolution would be offered sanctioning government-created and controlled news agencies. Robert U. Brown reported that only because of efforts of American free enterprise press delegates was the resolution toned down, not because of any help from the U.S. government human rights advocates. "We blame," Brown observed, "President Carter's appointees at the State Department."[8]

Ironically, nations such as Nicaragua, Brazil, Chile and Argentina—often accused of anti-democratic attitudes—have played no role in the UNESCO campaign against the free enterprise press and do not have laws requiring the licensing of journalists.

Nicaragua has no laws licensing journalists, has refused to take part in the UNESCO-fostered campaign against the free enterprise press and has left *La Prensa* (the opposition daily to President Anastasio Somoza, edited and published by Pedro Chamorro) free to denounce the regime. The Nicaraguan government also allowed many foreign journalists into the country to write stories quoting the opposition as well as active terrorists, while usually referring to President Somoza as a "dictator." For example, Jack Anderson (the noted columnist) over a two-year period wrote 22 separate columns

7. *Editor & Publisher*, October 29, 1977.
8. "Shop Talk At Thirty, U.S. Government Absent At UNESCO," *Editor & Publisher*, February 4, 1978.

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describing Somoza's Nicaragua as a bloody dictatorship comparable to Idi Amin's Uganda.[9]

In January, 1978, *La Prensa's* Chamorro was assassinated on a downtown Managua street. Immediately, some of the North American press, Anderson included, blamed Somoza. Anderson, however, made a striking admission that compromised his claim to objectivity or even fairness. In the wake of the Chamorro murder, he admitted the slain editor "was a source of ours for several years."[10] Anderson made this revelation allegedly to protect the life of a Nicaraguan Congressman, Julio Molina, an active foe of Somoza and a participant in a series of hearings on alleged human rights violations before a U.S. House and Senate committee.

When this author sought on two different occasions to interview Chamorro concerning his charges of human rights violations by the Nicaraguan military, Chamorro avoided submitting to critical and searching questions. In the aftermath of his assassination, the Latin and U.S. press lionized him as a crusading journalist. In reality, Chamorro used *La Prensa* as a vehicle for personal aggrandizement in Nicaragua.

The writer Otto J. Scott observed, after a recent visit, that what the North American media did not grasp about the Chamorro and Somoza split is a long-standing local personal-political family feud that stretches back to when both were 8 years old.

"A unique aspect of *La Prensa*," writes Otto J. Scott (a Latin American specialist), "is that the Somoza government has never tried to run the paper financially. In some periods, as in a recent State of Siege (mandated by a terrorist wave) . . . the paper has been censored."[11] However its supply of newsprint has been supplemented by the government newspaper, *Novedades.*

While Nicaragua never sought to run *La Prensa,* Jamaica's Prime Minister Michael Manley has sought not only to gag the remaining Jamaican opposition press, but to put them out of business. In a two-part series, the opposition Jamaican *Daily Star* was highly critical of the substandard medical care provided by Cuban doctors sup-

9. Jack Anderson and Les Whitten, "Latin Counterpart to Uganda's Amin," *The Washington Post*, September 28, 1977.

10. Jack Anderson, "Nicaraguan May be 'On Death List,'" *The Washington Post*, February 4, 1978.

11. Otto J. Scott, "Economic Freedom In Nicaragua," *Nicaragua—An Ally Under Siege*, (Washington, D.C.: Council on American Affairs, 1978) pp. 132-133.

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plied by Castro to Manley's socialist government. Manley's People's National Party first considered hauling the offending reporters before a special Parliamentary Commission, but backed down at the last minute when confronted with a vigorous public outcry. A week later, however, Manley set up a state trading corporation to control imported commodities, including newsprint used by the *Star* and its sister opposition paper, *The Daily Gleaner.*[12]

Jamaica, it should be remembered, was the first stop Mrs. Carter made on her 1977 Latin tour at the request of U.N. Ambassador Young, a long-time personal friend of Manley.

The campaign of UNESCO, the Soviets, and Third World countries seems not to have disturbed Ambassador Young or the Carter administration. Yet, Castro's view of the role of the press in company with the Carter administration's silence on the UNESCO campaign suggests still one more reason that the Administration's human rights attitude seems hypocritical. "An enemy of socialism," Castro stated in 1965, "cannot write in our newspaper. . . . Under present circumstances journalism can have no other function than that of contributing to the political and revolutionary goals of our country. We have . . . an objective to fulfill and that objective controls the activity of journalists."[13]

Tolerance of Third World Totalitarians

This view of the function of journalism is shared by many, but not all, black African states. Third World journalism (*The New York Times* quotes a Tanzanian) should have an educational and inspirational function. "The freedom of the press," he continued, "that permits and fosters cynicism and dejection with the way things are is simply a luxury we cannot afford at this time."[14]

Reality, in short, must be replaced by political expediency. David Adamson (*The Daily Telegraph* of London) suggests that this is what Tanzanian President Nyerere has done while extolling African liberties on world tours. His dictatorial regime denies freedom within

12. "Newsprint Takeover Denounced," *Editor & Publisher*, December 31, 1977.

13. Quoted in Lee Lockwood, *Castro's Cuba, Cuba's Fidel* (New York: Macmillan, 1965) p. 245.

14. "Foreign Press In Africa Finds Curbs Growing," *The New York Times*, September 12, 1977.

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its own borders, making certain only approved journalists gain entry. "A tourist described to me," he states, "how he was arrested for taking a photograph of the new Chinese-built railway. Suspicion centered not on whether he was a spy but on whether he was a journalist."[15]

This neglect of human rights did not deter President Carter from laying on a lavish and laudatory reception for President Nyerere when he made a state visit in late 1977.[16] The same attitude was apparent when President Carter chose to visit Nigeria in the spring of 1978. Not only is Nigeria a military dictatorship, but some of the top officers have participated in the systematic slaughter of dissident Ibo tribesmen, with over a million perishing either through out-right killings or deliberate policies of starvation by the central government. Nigeria, moreover, has expelled all resident correspondents of the Western news media, except Agence-France-Presse, which according to *The New York Times* correspondent, Michael Kaufman, seldom files a story. "The country has made it very difficult," he adds, "if not impossible for visiting journalists to come."[17]

The state of the free enterprise press in Africa corresponds directly to the fact that a majority of its states are either military or civilian dictatorships. "There are 25 national news agencies on the continent," observes Leonard R. Sussman of New York's Freedom House, "and only three—Morocco, Rhodesia and South Africa—are independent of the government. In most African countries the news agency is a department of the ministry of information."[18]

Significantly, between 1960 and 1977 the number of private enterprise newspapers declined in direct proportion to the growth of newly-independent African nations which have adopted socialist economies; these are African states owning, first, the economic means of production and then the means of communication to manipulate their citizens. "Fully 90 percent of the continental African states," Sussman added, "not only denies press freedom, but in

15. "Mischief Behind The Black Curtain,' *The Daily Telegraph*, June 15, 1976.

16. For a good analysis of the hypocrisy in the Administration's human rights campaign see Ernest W. Lefever, "The Trivialization of Human Rights," *Policy Review*, Winter 1978.

17. "Foreign Press In Africa Finds Curbs Growing," *op. cit.*

18. "Mass News Media and Third World Challenge," *op. cit.*, p. 40.

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varying degrees bars free elections, individual rights and an independent judiciary."[19]

This bleak picture is in sharp contrast to the state of affairs in Rhodesia and South Africa, both targets of the Carter Administration. Not only did both nations have a largely free press that was critical of the existing regimes, but they are two of only six African states that still permit private enterprise newspapers to flourish (Gambia, Kenya, Liberia and Morocco being the other four states). John Platter, United Press International bureau chief in Johannesburg, moreover, claims that, prior to the election of the Carter Administration, the country permitted greater freedom for foreign newsmen than he was allowed in the 17 black African states he covered in nine years. The International Press Institute, based in Zurich, Switzerland, reported in May of 1976 that South Africa had the freest local press on the African continent.[20] *The Daily Telegraph* (London) contended in June, 1976 that "no nation offered as much security to the international media as South Africa and that by comparison with any of them Rhodesia is a shrine of liberalism."[21]

There is at least one piece of evidence to suggest that the Carter Administration has embraced some of the tactics of the Third World in suppressing information. On May 27, 1977, Ambassador Young joined in support of a Security Council resolution that pledged all U.N. members to prohibit the transfer of funds in their territories to Rhodesia. Kenneth Towsey, director of the Washington-based Rhodesian Information Service (RIS) believes that the resolution was really aimed at silencing Rhodesia's effort to present its side of the dispute. "It is my great regret," he observed, "that this action does not permit the exercise of freedom under the First Amendment which your constitution seems to promise."

"I think it's a question," Towsey added, "of whether a country like the United States, and this may apply to other Western countries, is going to allow its own basic values to be subordinated to U.N. dictatorship. I think that does present quite a problem."[22]

19. *Ibid.*, p. 39.
20. "Africa: Where a Free Press Suffers From Wawa," *Los Angeles Times*, May 25, 1976.
21. "Mischief Behind the Black Curtain," *op. cit.*
22. Transcript, *Mutual Broadcasting's Reporter's Roundup*, Washington, D.C., July 10, 1977.

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The administration also made clear to Towsey that if private resources in the United States were offered to help the Rhodesians "then the administration would regard that as being inconsistent with the Security Council resolution."[23] Only a vigorous public protest by several U.S. newspapers (including *The Washington Post*) and many Congressmen forced the administration to delay shutting down the RIS office in Washington. A year after the action of the Security Council, Towsey contends, "the State Department is still quietly trying to find ways to shut us down.[24]

A Crisis of Western Values

It is apparent that the Carter Administration's foreign policy, as reflected in its human rights campaign, with its attendant confusion and contradictions, reflects a crisis in Western concepts of freedom. What has been substituted for traditional liberalism is the support of regimes expressing ideas alien to those values and intent on destroying them. The administration's African policy appears rooted in a perception of race that so heavily influenced the U.S. Civil Rights cause. This imposition of black race consciousness on U.S. African policy has resulted in the U.S. siding with the Soviet and Cuban-supported black terrorist organizations which have murdered innocent men, women and children, be it in Zaire, Rhodesia or South Africa.

The administration's lack of vigorous opposition to the UNESCO/Soviet/Third World's campaign for the total takeover of all means of communication is an indication that the U.S. is abandoning its traditional values of freedom and opposition to totalitarianism.

The short-range response to this threat has been undertaken by such newly-formed groups as the World Press Freedom Committee, headed by the publisher of *The Miami Herald*, George Beebe. The Committee's secretary-treasurer (former director of the United States Information Service, Leonard Marks) warned a gathering (May 1978) of the American Newspaper Publishers Association, that the "world was on a collision course with African, Asian and Latin nations" over state controls of the news media. Marks predicted, moreover, that UNESCO at its October, 1978, Paris meeting would seek to pass a resolution, under consideration since 1972,

23. *Ibid.*, p. 3.
24. Telephone interview with the author, May 25, 1978.

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sanctioning state controls over the media. He also forecast that the Soviets at the 1979 U.N. General Assembly session would seek to gain sanction for a resolution offered six years before that would prohibit the dissemination of programs by satellite in any nation without the consent of the individual government. "If such a principle is accepted," Marks warned, "the trend toward state controls will be increased and the international wire services and correspondents for leading newspapers and radio and television networks will be excluded from news gathering in much of the world."[25]

Marks urged U.S. newspaper publishers to support the Committee's programs of cash grants for scholarships, training sessions and seminars that seek to show non-aligned nations the operations of a free press. This, of course, is a positive response to the problem. It does not, however, confront the crisis facing the free enterprise press here at home.

For Whom Does the Totalitarian Bell Toll?

The rise of authoritarian regimes and outright dictatorships since the end of World War II is a trend that has been widely recognized. Unfortunately, in recent years, American Administrations have sought to accommodate themselves to this trend. As dictatorships move to control their economies, they inevitably control the media, as well.

The Third World nationalization of its economic enterprises or the refusal to allow private firms to flourish has led, in turn, to the nationalization of political, intellectual, and press freedom. "There is no way of separating economic freedom from political freedom," the Nobel Prize economist, Dr. Milton Friedman, has warned. "If you don't have economic freedom, you don't have political freedom. The only way you can have one is to have the other."[26]

Indirectly, this point was made by the Inter-American Press Association when it warned of the totalitarian trends in the Third World. "Increasing state control of the economy in many countries," observed the Association, "has caused newspapers to depend to a

25. William H. Jones, "Publishers Told of Dangers to a Free Press," *The Washington Post*, May 4, 1978.

26. "The Future of Capitalism," Speech before Pepperdine University, Malibu, California, February 9, 1977.

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dangerous degree on official advertising at the whim of government agencies."[27]

The landmark decision in late April of 1978 by U.S. Supreme Court Chief Justice Warren Burger upholding free speech for corporations under the First Amendment was viewed by many in the media and in the political world, who were intent on regulating private business by government power, as an ominous warning as well as a bad decision. But the news media business in recent years has not been immune to this growing trend by powerful governments to try to regulate and restrict its activities.

The Wall Street Journal asked the logical, but largely overlooked question: Why is it bad for a Mobil Oil Corporation to express its opinion in paid advertisements, but a good thing for *The Washington Post* Corporation to express its point of view in editorials? "Would *The Post* be happier," added *The Journal* "if Mobil, implementing an idea it has toyed with, goes beyond buying ads to buying whole newspapers?"[28]

Washington Post press Ombudsman, Charles B. Sieb, acknowledged that, indeed, substantial segments of American news media are big business and there is every reason to believe they will get bigger. "It would seem that the court's decision," he pointed out, "gives the press nothing to worry about. It extended First Amendment freedom to other corporations; it took nothing away from the media corporations.

The questions Burger raised are not legal nit-pickings. They go to the heart of our system of government. In his opinion, he quoted the late Justice Felix Frankfurter, who said the liberty of the press is no greater and no less than the liberty of every citizen.

That is the point. Legal complexities aside, a free press is inextricably entwined with the freedom of each of us. To lose one is to lose the other. The trick is to keep sight of that central fact in the face of changing technology, changing economic structures and a society that is changing before our eyes."[29]

The year 1971 was a turning point for the free enterprise press both at home and abroad. It was the year that Communist and Third World nations began in dead earnest their UNESCO cam-

27. "Freedom Under Assault," *Editor & Publisher*, April 13, 1974.
28. "Bellotti And Beyond," *The Wall Street Journal*, May 5, 1978.
29. "The First Amendment As Corporate Business," *The Washington Post*, May 26, 1978.

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paign to sanction the use of the State as an instrument to gain ownership of the means of communications just as a number of nations own the means of economic production. In this same year the clash between the free enterprise press and the Nixon-Agnew administration came to a sharp climax. The most famous and historic case concerning this issue resulted in the U.S. Supreme Court's refusal to sanction the first attempt by the Federal government in the history of the American Republic to impose restraint on the newspapers—those that had published the Pentagon Papers. The reason the newspapers chose to publish the documents was largely in order to influence government policy toward U.S. involvement in Vietnam. It was not solely, as the newspapers contended, because they believed the people had a right to know, although this principle played a part.

The clash over the Pentagon Papers and later the Watergate affair was the clash of two powerful institutions. In both instances the free enterprise press won what must be judged momentary victories. The price the free enterprise press paid for those two victories was the undermining of public confidence in their function as a fair and disinterested institution—it was using and abusing its rights under the U.S. Constitution. This loss of public confidence in the free enterprise press leaves the way open for the legislatures, the courts and executive agencies to impose restrictions and regulations while a mass of Americans look on with little sympathy for a free enterprise press that, in their view, is deserving of such potentially draconian measures.

Since the 1971 Pentagon Papers decision, important and powerful segments of the free enterprise press and media in America have supported or allowed themselves to be manipulated by various political movements that have vastly extended the power of the state over the private economic sector; civil rights, labor, consumer, environmental and feminist groups have all had one thing in common—the enlarging of powers of Federal and state governments at the expense of the private individual and economy.

The campaign of the Communist and Third World nations via UNESCO in the name of "development journalism" is a totalitarian bell tolling the death of press freedom.

Intellectual and economic freedom are twins born of the same revolution. They will perish together if the free enterprise press, both here and abroad, fails to understand that you can't destroy one without destroying the other.

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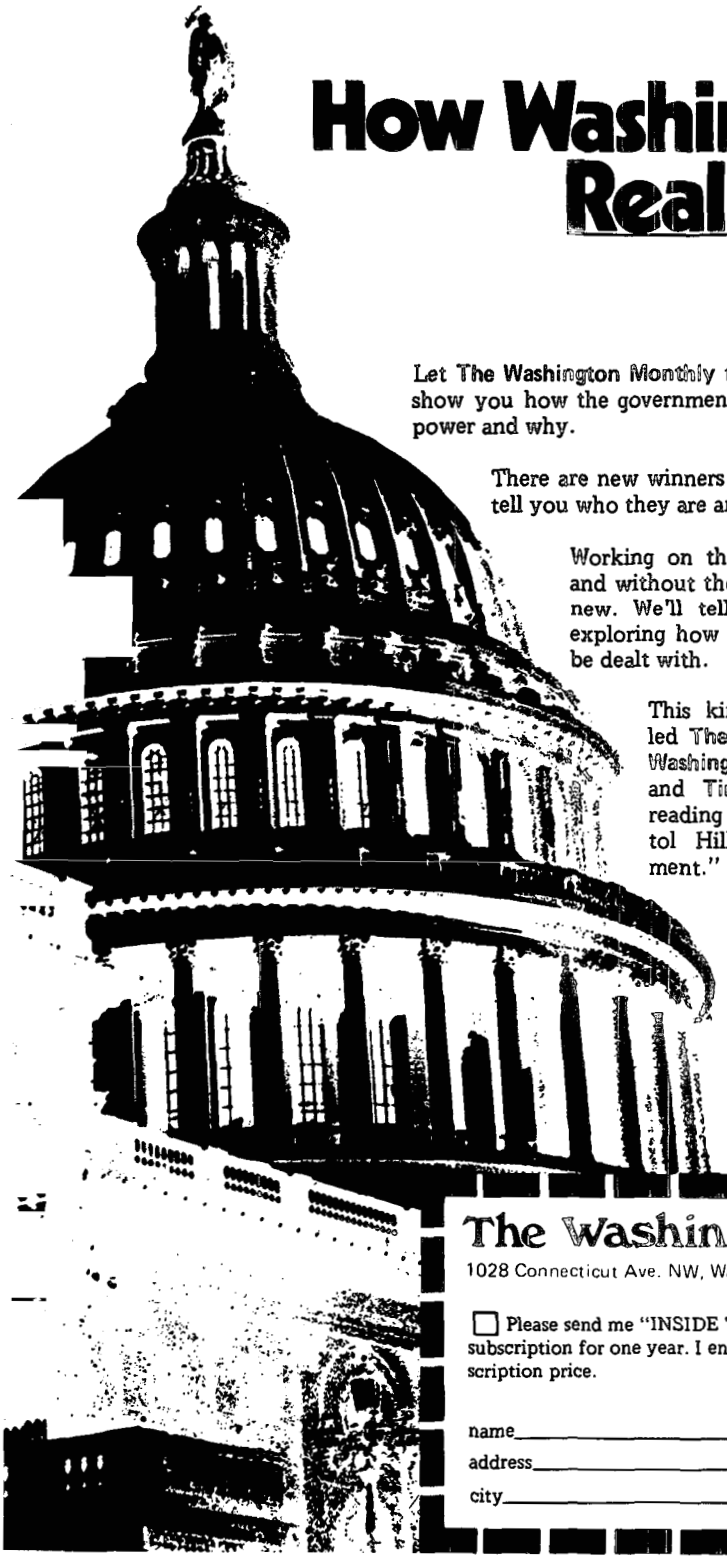

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Four Thousand Years of Wage and Price Controls

ROBERT L. SCHUETTINGER

As President Carter's anti-inflationary program is being perceived as a failure by more and more Americans (largely because he has been trying to blame everyone except the prime villain in the case, the government itself), he is being urged to turn toward wage and price controls as a last desperate measure.

In late 1976, for instance, the economic columnist for *The Washington Post,* Hobart Rowen, wrote that "To make both goals—greater employment and control of inflation—compatible, fiscal and monetary policy must be supplemented by voluntary wage-price restraints—sometimes called "income policies."[1]

Ralph Nader, in a recent column warned that ". . . should inflation remain at current or higher levels, Carter will find it difficult to avoid imposing a selective, mandatory price-wage control policy in . . . key industries."[2]

And, of course, the talented novelist from Cambridge, Massachusetts, John Kenneth Galbraith (who has never been happier than when he was serving his country in the trenches of the Office of Price Administration) chimes in periodically with the same advice.

All of these learned gentlemen (who ought to know better) appear to be blissfully unaware of the dismal record of government attempts over a period of at least the last forty centuries to exercise control over wages and prices.

Such efforts have been made in one form or another periodically in almost all times and all places since the beginning of organized society. In all times and all places they have as invariably failed to achieve their announced purposes. Time after time an historian has laconically concluded, ". . . the plan to control rising prices failed utterly." Or, ". . . the laws were soon repealed since no one paid any attention to them."

1. Hobart Rowen, *The Washington Post,* December 12, 1976, p. M1.
2. Ralph Nader, *The Washington Star,* June 17, 1978, p. B2.
Nader is by no means alone in this view. According to the Gallup Poll of February 10-13, 1978, 44 percent of those polled favored controls while 40 percent were opposed. In a poll taken during April 14-17 the percentage favoring controls rose to 50 percent.

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In Egypt, government controls over the grain crop led gradually to ownership of all the land by the state.[3] In Babylon approximately forty centuries ago (a good part of Hammurabi's *Code* deals with wage and price controls), in Sumeria, in China, in India, in Greece and Rome, various kinds of regulations over the economy were tried and usually either failed completely or produced harmful effects.

One of the most well-known cases of wage and price controls in the ancient world occurred in the time of the Roman Emperor Diocletian (A.D. 301). A contemporary historian wrote that the Emperor "set himself to regulate the prices of all vendible things . . . and the people brought provisions no more to markets, since they could not get a reasonable price for them and this increased the dearth so much that . . . the law itself was set aside."[4]

In the Middle Ages, the city of Antwerp fell to the Spanish largely because no one would risk bringing food to the besieged city if he could not obtain the market price once he had passed by the Spanish guns.

In the American colonies, frequent attempts were made to keep down the price of beaverskins and suchlike commodities. All failed. Indians as well as the European colonists insisted on market prices for their goods and labor.

During the American War of Independence, Washington's army nearly starved at Valley Forge largely due to what John Adams called "that improvident Act for limiting prices (which) has done great injury, and (which) in my sincere opinion, if not repealed will ruin the state and introduce a civil war."[5]

The Continental Congress Renounces Controls

That ill-fated experiment in price controls was finally ended and the Continental Congress on June 4, 1778, adopted the following resolution (which unfortunately does not have the force of law):

3. 4000 years later, officials of the government of modern Egypt are admitting that their current system of price controls is in need of reform. As just one example, the price of a loaf of bread was controlled at one cent. The unintended effect of this was that rich farmers fed bread to their animals leaving the poor to go without. (*The Washington Post*, January 30, 1977, p. A16.)

4. L. C. F. Lactantius, *A Relation of the Death of the Primitive Persecutors*, translated by Gilbert Burnet (Amsterdam, 1697) pp. 67-8.

5. Albert Bolles, *The Financial History of the United States* (New York, 1896) vol. 1, pp. 165-66.

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> Whereas . . . it hath been found by experience that limitations upon the prices of commodities are not only ineffectual for the purposes proposed, but likewise productive of very evil consequences to the great detriment of the public service and grievous oppression of individuals . . . resolved, that it be recommended to the several states to repeal or suspend all laws or resolutions within the said states respectively limiting, regulating or restraining the Price of any Article, Manufacture or Commodity.[6]

With the coming of the Revolution in France, successive governments still failed to learn from experience. A series of so-called "Maximum Price" laws were passed, all of which proved ineffectual. We are told that in Paris of 1794 one observer reported that "one hundred and fifty women had crowded up to a butcher's door at four o'clock in the morning. They screamed out that it was better to pay 20 or 30 sous and have what they wanted than to pay 14, the maximum price, and get nothing."[7]

After the Napoleonic Wars, the Western world was blessed by a happy period of relative peace and prosperity. For 100 years the principles of free trade reached their ascendancy. Shortly after Victoria came to the British throne the famous Corn Laws (which for generations kept the price of bread higher than market levels) were repealed. The British authorities in India managed to avert a disastrous famine in 1866 by allowing the prices of food to fluctuate with the market, thus insuring a speedy and equitable distribution of rice and grain where they were needed most.

With the breakdown of the structure of peace in 1914, however, both the Allies and the Central Powers insisted on returning to the drawing board with entirely predictable results. Even in the Organized State *par excellence* (the Kaiser's Germany) economists pronounced price and wage controls to be ineffective. No other nation, democracy or dictatorship, monarchy or republic, managed to make them work.

During the Second World War and shortly thereafter price and wage controls once again were resorted to by the major nations. Although a supreme patriotic effort in several nations (including the United States) slowed the *official* rise in wages and prices a bit,

6. *Journal of the Continental Congress* (New York, 1908) vol. 21, p. 569.
7. Henry Bourne, "Food Control and Price-Fixing in Revolutionary France," *The Journal of Political Economy,* March, 1919, p. 208.

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it is probable that the *real* prices and wages were little affected. A thriving black market, reduction in quality of goods and increased "perquisites" for jobs (fringe benefits, overtime, and so on) all contributed toward a double system, the "official" controlled prices and wages and the "unofficial" real prices and wages.

The experience of Nazi Germany was no different from other countries. An authoritative critique of the Third Reich's economic policy was given by Hermann Goering (who was responsible, among other things, for economic planning) while a prisoner of war in 1946. He told the war correspondent, Henry J. Taylor, that:

> Your America is doing many things in the economic field which we found out caused us so much trouble. You are trying to control people's wages and prices—people's work. If you do that you must control people's lives. And no country can do that part way. I tried it and failed. Nor can any country do it all the way either. I tried that too and it failed. You are no better planners than we. I should think your economists would read what happened here . . .
>
> Will it be as it always has been that countries will not learn from the mistakes of others and will continue to make the mistakes of others all over again and again?[8]

In both the United States and Britain, in the 1970s, two governments which were elected by conservatives imposed wage and price controls with essentially the same results. The various "phases" of President Nixon's program were completely ineffectual in controlling inflation (in fact, there is some evidence inflation was actually worsened by the controls themselves, to say nothing of other government policies). The "stages" of Prime Minister Edward Heath met the same fate except that in Britain, due largely to the Conservative government's complete lack of monetary restraint, the inflation rate passed 25 percent. In 1975, Prime Minister Pierre Trudeau of Canada invoked a similar program for his nation—and was rewarded by a general strike.

The Moral Issue

In addition to the many economic difficulties which cannot be dismissed with such quips as Lord Keynes' dictum that "in the long run we are all dead," there remains an underlying moral problem.

8. F. A. Harper, *Stand-by Controls* (Irvington-on-Hudson, New York, 1953) p. 20.

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The government of the United States was scarcely a year old when a writer in *The Connecticut Courant* asserted that "the scheme of supporting the money and regulating the price of things by penal statutes . . . always has and ever will be impracticable in a free country, because no law can be framed to limit a man in the purchase or disposal of property, but what must infringe those principles of liberty for which we are gloriously fighting."[9]

As Nobel Laureate economist, Milton Friedman, pointed out in 1971 after President Nixon had imposed his version of wage and price controls:

> The controls are deeply and inherently immoral. By substituting the rule of men for the rule of law and for voluntary cooperation in the marketplace, the controls threaten the very foundations of a free society. By encouraging men to spy and report on one another, by making it in the private interest of large numbers of citizens to evade the controls, and by making actions illegal that are in the public interest, the controls undermine individual morality.[10]

If an historian were to sum up what we have learned from the long history of wage and price controls in this country and in many others around the world, he would have to conclude that the only thing we learn from history is that we do not learn from history.

As America's first economist, Pelatiah Webster, observed when describing the effects of the unhappy experiment with economic controls during our War of Independence, "It seemed to be a kind of obstinate delirium totally deaf to every argument drawn from justice and right, from its natural tendency and mischief, from common sense and even from common safety. . . . It is not more absurd to attempt to impel faith into the heart of an unbeliever by fire and fagot, or to whip love into your mistress with a cowskin, than to force value or credit into your money by penal laws."[11]

9. *The Connecticut Courant,* May 12, 1777.

10. Milton Friedman, *An Economist's Protest* (Glen Ridge, New Jersey, 1975) p. 129.

11. Pelatiah Webster, *Political Essays* (Philadelphia, 1791) p. 129.

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Corporate Social Responsibility: Private Means for Public Wants?

GERALD D. KEIM & ROGER E. MEINERS

At confirmation hearings for the position of Secretary of Commerce, Juanita Kreps pledged to actively participate in developing a "system of incentives to encourage further contributions by the private sector to the satisfaction of public needs."[1] In 1978, Secretary Kreps reported that she was keeping this promise, particularly by the implementation of two projects. The first is a series of regional conferences sponsored by the Commerce Department which will ask business leaders to describe their experiences in integrating "social considerations into corporate decisionmaking."[2] These conferences are intended to provide valuable information to businesses in the development of workable management models which will help improve social performance. The second project is the compilation of an index of corporate social performance "that would give business a way of appraising the social effects of its business operations."[3] Secretary Kreps noted that the announcement of this index set off some "psychic alarm system." Some corporate leaders expressed anxiety regarding the use of such a subjective measurement scale. She assured the congressional committee that this fear was unfounded; the Department of Commerce does not intend to rank or grade companies. Rather, the measure will enable corporations to judge their own social performance. "Use of such a self-measurement system and participation in an internal review would be entirely voluntary."[4]

That corporations should do more than simply organize the production of goods and services in an efficient manner is a position that has claimed substantial support for decades.[5] The "new man-

1. Juanita M. Kreps, "Statement Before the State, Justice, Commerce and Judiciary Subcommittee of the House Committee on Appropriations," Washington, D.C., January 23, 1978, p. 7.
2. *Ibid.*, p. 8.
3. *Ibid.*, p. 10.
4. *Ibid.*
5. For an excellent survey of the leading issues surrounding this topic, see Henry G. Manne and Henry G. Wallich, *The Modern Corporation and Social Responsibility* (Washington, D.C.: American Enterprise Institute, 1972).

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agerialism" urges corporate decision-makers to eschew the narrow goal of profit maximization and exhorts the virtues of exercising social responsibility. While advocates of the social responsibility doctrine claim considerable support among academics and business executives, there is little empirical evidence to suggest that corporations are actually putting into practice the social responsibility doctrine. Secretary Kreps asserts that "the past 15 years have seen corporations devote dramatically increased attention to social responsibility." As evidence she offers the following observation:

> Last year, 456, or 91.2 percent, of the Fortune 500 industrial firms published information about social performance in their annual reports, according to an Ernst & Ernst survey. This is nearly twice the number of firms that did so in 1971.[6]

Increased ink in annual reports devoted to the coverage of social performance is indeed weak evidence of any substantial change in corporate social efforts. Much of this coverage is devoted to reporting the philanthropic activities of the Fortune 500 companies, which are often the primary manifestations of corporate social efforts. Changes in philanthropic efforts by the large corporations rather than changes in the reporting of such efforts would appear to be more significant evidence of the sort Secretary Kreps is seeking. During the 15-year period to which Secretary Kreps refers, the Conference Board reports that the average ratio of contributions to net pre-tax income for U.S. corporations *declined* from 1.11 percent to .88 percent. Similarly, from 1971 to 1977, or the period in which the number of firms reporting social performance doubled, according to Kreps, the corporate contribution ratio steadily declined from 1.05 percent to .88 percent. When these data are separated into asset classes, the trends indicated here are paralleled by the Fortune 500 corporations.[7]

This article will examine the logic of the social responsibility doctrine which implies significant changes for the role of business decision-makers in our society. It will be argued here that an important consequence of increased use of corporate resources for "social" rather than private ends would be a further reduction in

6. *Supra* note 1, p. 4.

7. See Gerald Keim, "Managerial Behavior and the Social Responsibility Debate: Goals versus Constraints," *Academy of Management Journal,* March 1978, Vol. 21, p. 57.

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the power of the individual consumer to influence the allocation of society's resources. The market mechanism which transmits information regarding consumers' demand for private goods and services cannot provide similar information pertaining to more "public" (nonexcludable) goods. Therefore, the social responsibility doctrine as espoused by Secretary Kreps and others necessarily encourages non-elected corporate executives to impose their tastes and preferences for society on society at the expense of stockholders. Indeed, most self-interested men would welcome the opportunity to exercise such power while "affect[ing] to trade for the public good."[8]

Pervading the entire social responsibility issue is a confusion regarding the democratic nature of the corporate form of organization. On the one hand, some public officials contend that corporations should continue to expand their broad responsibilities to society, while others charge that corporations are failing to fulfill the basic responsibilities for which they were organized. Few policy issues appear to have such potential for generating perverse results as the corporate social responsibility controversy.

Problems of Policy Decision-Making

It will be useful to begin with an examination of a problem inherent in the social responsibility doctrine and most other social "reform" movements. A fundamental difference between improving one's own lot and improving society's lot is the quantity of information necessary to make "correct" choices. Even one's own tastes and preferences are sometimes difficult to discern, but it can be assumed that if individuals make voluntary choices, such choices usually improve the lot of the chooser. But how does one gather information on the tastes and preferences of *all* the members of society? If such information is not gathered, it cannot be unambiguously argued that any specific policy will improve society. Any individual or group of individuals who propose to improve society by suggesting certain actions must gather extensive information if there is to be a reasonable chance of attaining their goal. A distinction must be drawn, then, between those measures which would *be* beneficial to society and those which their proponents *think* would

8. Adam Smith, *Wealth of Nations* (New York: Modern Library, Inc., 1937), p. 423.

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be beneficial to society. Such a distinction is not related to the risk that may be attached to policies which could generate several possible outcomes or even the uncertainty which may stem from an inability to attach probability estimates to all possible outcomes.[9] The problems exist in either case. The distinction here is drawn between those policies which would, *a priori*, be favored *by* society and those which are favored *for* society by the reformers. It seems reasonable to expect that neither category would be a perfect subset of the other, nor would they be disjoint sets; each set would contain some common elements (or policies, in this case).

A paternalistic attitude is not a necessary characteristic of social reformers. In fact, humility and respect for the individual choice process are not inconsistent with the mind set of the reformer. It is only necessary for the reformer to assume that a collective set of tastes and preferences for society exists, can be discerned, and is similar, if not identical, to his own. That is to say, the social reformer imputes his tastes and preferences for society on society. In reality, this is a necessary approximation process for anyone who represents any group of individuals, if the costly procedure of polling every individual on every issue is to be avoided. Most systems of representative government appear to have traded-off some of the costs of gathering information on individuals' preferences for procedures which reduce the transactions cost of collective action.

However, there is a crucial difference between reformers who are elected or appointed political officials and those who are not (corporate managers, for example). The difference lies in the constraints within which a political reformer must operate which are not relevant for other reformers. An elected official must always be able to muster support from a plurality of those who vote in his election. If, during his term of office, he violates certain legal or ethical rules, he may be subject to impeachment. He cannot, therefore, behave without regard for the preferences of his constituents. The constraints may not be as binding as one would like, but they are effective in limiting to some degree the behavior of all elected officials.

Appointed officials, while exempt from the election process, serve at the pleasure of the party in power in some cases or, at the least, are subject to impeachment. Furthermore, the budgets and frequently the very existence of some appointed jobs are under the

9. See Frank H. Knight, *Risk, Uncertainty and Profit* (Boston: Houghton-Mifflin Company, 1921), Chapters VII and VIII, especially pp. 233-36.

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control of elected officials. Thus, it can be argued that there are additional indirect controls, weak though they may be, on appointed political officials.

Reformers who are not elected or appointed are not subject to such constraints. There exists no mechanism to insure that their efforts are not antagonistic to a substantial number of individuals in society. As unresponsive as present public officials may be, their behavior is subject to some control by individual citizens. The lack of responsiveness of public officials due to the limited nature of this control is cause for much of the current criticism of them. It seems unlikely, then, that those who level such criticism would favor more autonomy for public officials. Furthermore, the extreme case of the self-appointed reformer, who can spend others' money without constraint, should be abhorrent to individuals of this persuasion.

It is interesting to note that social responsibility is perceived, by some of its advocates, as a superior alternative to further government efforts to ameliorate various social ills.[10] Presumably, the shortcomings of present public projects will be overcome if private efforts are forthcoming. Private efforts, it is argued, will be more efficient because corporations have demonstrated great efficiency in pursuing private goals. Unfortunately, such efficiency observed in the pursuit of private goals cannot necessarily be transferred to efforts directed toward public or social goals. The organizational structure of the corporation which delivers efficient production of private goods and services cannot be expected to pursue social goals with the same efficiency simply because the incentives for doing so are absent. The rewards of private production are directly appropriable to the most efficient producer; no such relationship between performance and reward exists with regard to public or social goals.

The questionable validity of the superior efficiency argument is but one gap in the logic of the social responsibility doctrine. Potential efficiency gains are simply changes in the ratio of the value of output to the value of inputs. The questions of which outputs are to be produced and in what quantities have been all but overlooked. How will corporate executives decide which social goals to pursue? Is there any reason to suspect that corporate executives can better estimate the tastes and preferences of individual citizens than can

10. See, for example, an article by Harold M. Williams, now the Chairman of the Securities and Exchange Commission, entitled, "Today's Business Climate," in *The Changing Business Role in Modern Society,* Graduate School of Management, UCLA, Mimeograph, 1974, pp. 1-14.

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political officials? Finally, why would corporate executives be more likely to pursue policies in the "public interest," even if they could determine what such policies were, than public officials? It is a strange argument that suggests that fewer constraints will produce more responsive behavior. The issues raised by these questions must be examined before any inferences can be drawn as to the political effects of corporate social responsibility. Good intentions on the part of the reformers are not sufficient to insure that such policies are desirable.

If corporate social responsibility implies the inclusion of non-profit maximizing social goals in the objective function of corporate decision-makers, then any decision to commit resources to the pursuance of such social goals will result in a reduction in the wealth of the firm. Thus, there are real opportunity costs to any corporate endeavor which may be labeled socially responsible. This is simply to say that the eternal economic problem of competing ends and limited means is at the heart of the social responsibility question. Recognizing this, it is essential that socially responsible resource investments be determined in a manner that is "socially optimal" in some sense. If such considerations are ignored, the opportunity cost of such resource use may exceed the expected benefits and, thus, society would be in a less favorable position if such investments were undertaken. How can corporate executives be expected to make such decisions?

While some supporters of corporate social responsibility make it clear that they want corporate funds spent on whatever they believe to be socially responsible, costs and benefits being of no importance, Secretary Kreps claims that such expenditures are profitable. She asserts that more social responsibility "is in the economic self-interest of business . . . corporate actions which improve social performance often improve profitability, even in the short run."[11] On the other hand, some corporate social activities may not enhance short run profits, but they enhance "long-term profitability."

The implication of these statements—that businessmen have been throwing away actions which would endear their businesses to the public and simultaneously increase profitability—is rather peculiar. Hence, for decades, perhaps centuries, all businessmen in all businesses have either been blind to extra profits awaiting them or, out of some common hatred of social good, have conspired not to spend corporate funds on these desirable areas.

11. *Supra* note 1, pp. 4-5.

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Consumers' Preferences and the Market

Individual preferences for private goods and services can be estimated from observed behavior in the market. In fact, the success of any corporate executive will usually be closely related to his knowledge of such preferences. Political preferences or desires for social or public goods are not revealed through market behavior and, thus, the market offers little information to the executive on this accord. Though the verity of this assertion may seem obvious to some, it is not widely accepted by those who support the social responsibility doctrine. A brief explanation may, therefore, be in order.

If contemporary consumers exhibit preferences for corporate social investments in addition to the efficient production of goods and services, presumably such preferences originate from a concern for the achievement of certain social goals. It is important to distinguish here between consumer preferences for the end result—easement of some social problem—and preferences simply for the means to the end, in other words, some positive level of social investment by all corporations. It has been suggested that part of the public support for the advocacy of increased corporate social responsibility stems from a general dissatisfaction with government efforts to solve certain social problems.[12] If, then, it is the end result to which consumers demand that business direct its attention, the free-rider problem looms as an obstacle.

Suppose a consumer derives some positive utility from the consumption of various goods and services and the amelioration of some social problem through corporate efforts. Since social responsibility is to be voluntary in nature, even if all corporations participate, not all corporations will direct their efforts toward the same goals nor is there any reason to suspect that corporations will make proportionately similar investments. Consequently, it is quite possible that this consumer may observe a solution or partial solution to the problem with which he is especially concerned as a result of the efforts of some subset of the corporations in the market. How will the consumer respond? It does not follow that he will invest resources in or purchase goods from the responsible corporations in this case. Such behavior, on an individual basis, would have little

12. See, for example, R. Joseph Monsen, "Social Responsibility and the Corporation: Alternatives for the Future of Capitalism," *Journal of Economic Issues*, 1972, Vol. 6, p. 134.

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or no effect on the quantity of resulting amelioration. In fact, the rational consumer would attempt to optimize his consumption bundle without regard to the social performance of the corporations providing the goods he demands. The consumer would not regard material goods or services and amelioration of some social problem as substitute commodities in his utility function since by his own action he could not trade off one for the other. Perhaps of even more importance to consumers is the realization that, since the benefits of corporate social efforts are primarily public, the consumer will receive what benefits there are regardless of his individual behavior. When this picture is further complicated by the realization that consumers will have different preferences for the magnitude and direction of corporate social investment, it becomes harder to comprehend how consumers' preferences for the alleviation of social problems can be translated via any nonpolitical mechanism to affect corporate behavior to any substantial degree.

Investors' Preferences and the Market

Another subset of society, and one of interest to corporate executives, is comprised of investors. Investors have had an opportunity to express their concern for corporate social performance at least since the early 1970s when several mutual funds were created with the express purpose of investing only in socially responsible corporations. In fact, for all the apparent popularity enjoyed by the doctrine of social responsibility during this period, it is interesting to note that only three such funds were actually registered with the Securities and Exchange Commission. The first to be chartered, The First Spectrum Fund, operated for only six months before it was dissolved by its shareholders who lost almost half of their initial investment. The remaining funds, the PAX World Fund and the Third Century Fund, remain in existence although both have experienced considerable difficulty in attracting new investors. This experience has prompted a portfolio manager of the Third Century Fund to conclude that most people are unwilling to forego private returns in order to achieve social performance.[13] The fact that few new funds have been chartered for similar purposes tends to support this conclusion.

13. Harvey Shapiro, "Social Responsibility Mutual Funds: Down the Down Staircase," *Business and Society Review,* Winter 1974-75, Number 12, p. 92.

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During this same time, several brokerage houses began to offer investment advisory services specifically designed to assist the investor in the analysis of the social performance of corporations. Such services have since been curtailed due to insufficient demand. There is other evidence which also suggests that investors have demonstrated little interest in information regarding social performance. For example, one study measured changes in stock prices after selected corporations were cited as major polluters.[14] While reports of unfavorable earnings usually result in falling stock prices, the indictment as significant polluters appeared to have no effect on the stock prices of the cited firms.

Corporate Organization and Democracy

It remains to be determined how corporate executives can gather information regarding individual preferences for public or social investments. An elected politician gathers information on political preferences through election results, communication with constituents and lobbyists, and opinion surveys of constituents. A corporate executive has no constituents other than the stockholders and their preferences for corporate resource allocation have been examined. Thus, it appears that it would be more difficult for corporate executives to gather information on citizens' preferences than for existing politicians. It should be added that lobbyists and other special interest groups would probably be relatively more effective in communicating preferences to executives than would the general public.

There is another, more fundamental problem which plagues the feasibility of increased corporate social responsibility. At the same time as Secretary Kreps and others are outlining new social responsibilities for corporate executives, the Commissioner of the Securities and Exchange Commission, Harold Williams, is charging that executives are really not even responsible to the interests of shareholders. Williams recently warned that "Unless the corporate accountability process can be made to work in its present form, the pressure may become irresistible for the adoption of many of the emerging legislative initiatives relating to federal chartering, federal

14. H. R. Fogler and F. Nutt, "A Note on Social Responsibility and Stock Valuation," *Academy of Management Journal,* March 1975, Vol. 18, pp. 155-159.

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standards and federal governance of the American corporation."[15] Concurrently, a Senate subcommittee is studying shareholder rights to determine "what, if anything, the . . . people should be doing to make corporations more accountable to their stockholders . . ."[16] The Federal Trade Commission has also created a task force to study corporate accountability. If corporations and their management are not adequately accountable to their owners and "their cavalier treatment of shareholders is alienating them from what should be one of their strongest natural constituencies . . .," how can these private organizations be expected to assume increased social responsibilities?[17]

Williams' concept of what corporations do is obviously quite different from that of Kreps. Kreps assumes that corporations can and are becoming increasingly democratic by expanding their responsibilities to society, while Williams seems to be assuming that public organizations (the vehicles for reforming corporations) are by their nature more democratic than their private counterparts. Such confusion as to what corporations are, what they do, and what they should do, pervades the entire corporate social responsibility issue.

It may be useful, then, to compare in more detail the corporate form of organization with its public counterpart in an effort to clear away some of this confusion.

Some differences regarding the institutional constraints faced by corporate executives and those for public officials were noted above; however, there are also some relevant similarities. Voters elect officials to represent them and decide the day-to-day issues which concern voters. Similarly, in the corporation, shareholders vote for directors to make decisions regarding the corporation. Voters in the public franchise and voters in the corporate franchise elect representatives for two primary reasons: expertise and information costs. In neither organization do the voters in general have the experience to vote knowledgeably on day-to-day issues facing the legislature or the managers. Representatives of both groups specialize in learning about what actions to take for the institutions in which they operate. This specialization also takes place because

15. *The Wall Street Journal,* September 30, 1977, p. 8.

16. Senator Howard Metzenbaum (D-Ohio) as quoted in "New Fire in the Drive to Reform Corporation Law," *Business Week,* November 21, 1977, p. 98.

17. *The Houston Post,* March 5, 1978, p. 17C.

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voters do not care to spend the time and expense to absorb relevant information and make decisions. When a corporation or a public franchise is very small the voter is likely to take a greater interest in the operation of the organization. Since fewer individuals are involved, each individual plays a larger role and because the issues are generally fewer and simpler, it is less costly to digest information needed to make an informed vote on issues regarding the organization.

Present attacks on the method of voting in the corporate sector are also attacks on the method of voting and decision-making in the public sector. If there really is a lack of corporate (shareholder) democracy, then there is a lack of American (citizen) democracy. Those who assert that shareholders should take a more active role in the management of the corporation do not understand the basic rationale of the organization. If more "corporate democracy" were desired by investors, nothing would prevent anyone from organizing such a corporation.[18]

The Corporation: Efficient Democracy

One of the major differences between the organization of public elections in the United States and of corporate elections is that the latter may take place at any time. If the management of a corporation is not performing sufficiently well there are several devices which can be used to remove the current officers and to install officers who give the promise of serving the constituents, the shareholders, better. As Professor Henry Manne has demonstrated, the removal of existing managers can take various forms.[19] The use of these devices helps to insure that corporations will be run more efficiently. Most often, when a challenge to existing management is launched, it is in the form of a tender bid. Outsiders bid for the outstanding stock of the corporation.

Because shares are traded freely, investors place their collective evaluation of the present managers' abilities in the open, with the results there for all to see. Stock prices display the collective valua-

18. Henry G. Manne, "The Higher Criticism of the Modern Corporation," *Columbia Law Review,* March 1962, Vol. 62, pp. 399-432.

19. Henry G. Manne, "Some Theoretical Aspects of Share Voting," *Columbia Law Review,* December 1964, Vol. 64, pp. 1427-1445; "Mergers and the Market for Corporate Control," *Journal of Political Economy,* April 1965, Vol. 73, pp. 110-120.

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tion of the stock, including the discounted value of the stream of earnings expected to be generated by the corporation and the value of the vote associated with each share of stock in the market for corporate control. Stockholders will sell stock to would-be owners once their reservation price is met. It is obvious that contrary to assertions of corporate critics, such as John Kenneth Galbraith, a vote does have a definite value. It is a valuable piece of property. If it were valueless, investors would realize the fact and be willing to forego votes with shares, to save the expense of elections. It would also be demonstrated in the price of non-voting and voting shares in the same corporation. If voting were worthless, both types of stock would sell for the same price. Such was not the case when both types of stock were more actively used.

The selling of the vote with the investment helps to create, in the corporation, an organization which can best be described as an efficient democracy. The main point to be noted is that the only losers in a corporate election are the managers who lose their jobs or are demoted. Winning coalitions are not able to reap gains at the expense of those who did not vote or voted for the loser. In the public sector there are sometimes rewards for supporters of winners of the election, which may come through a tax and/or spending programs which take from the losers and give to the winners. In a corporation, the winner gains control of the corporation, but must make gains by performing better than the prior management. Gains are only made by diligence, not by the ability to tax certain shareholders or by dispensing benefits to members of the winning coalition at the expense of the losers. It is difficult to imagine a more democratic and perfectable method of electing representatives. Indeed, Henry Manne has said, "The corporation is probably a far more democratic mechanism from the viewpoint of shareholders than is government from the point of view of voters."[20] When one considers the underlying rationale of the corporate structure, it is clear that it is based upon competitive principles, which yield democratic results. The corporation is not the autocratic bastion in which shareholders have no role, as some observers contend. The competition which drives corporations toward efficient democracy is the force behind the existence of all democracies.

20. Manne, "Some Theoretical Aspects of Share Voting," p. 1445.

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Policy Decision-Making with Self-Interested Actors

The analysis thus far has proceeded on the implicit assumption that corporate executives would use resources to further the well-being of society if only they could determine what to do and how to do it. This is indeed a benevolent view of corporate executives or any other group of less than holy individuals. It is, however, a view that is implicit in Secretary Krep's statements as well as in much of the literature advocating increased social responsibility. The problems encountered with implementing such policies as have been discussed to this point exist independently of any assumptions about managerial behavior. A less benevolent view of managerial behavior does, however, bring to light an additional set of problems with implementing corporate social responsibility as conceived by its supporters.

Employing the standard self-interest assumption common to economic analysis, it can be seen that social responsibility would indeed be a popular idea among corporate executives, as apparently it is.[21] It is, for whatever reasons, an opportunity to increase the power of corporate decision-makers. Just as with virtually all other goods, more power is usually preferred to less. As was noted earlier, such power carries with it few restrictions. In essence, the doctrine of corporate social responsibility suggests the corporate executives do what politicians have not done and offers fewer constraints to promote more responsive behavior. The implication of this logic must be that corporate executives are simply better persons than our current (or past) public servants. If this is indeed true, great steps toward more responsive government can be made by replacing current politicians with corporate executives.

If, on the other hand, corporate leaders are not fundamentally different from other men, the acceptance of the social responsibility doctrine implies even more autonomy for "public" decision-makers than is currently possible. Such an arrangement should result in even more resources directed toward those uses which benefit the corporate leaders or special interest groups than is observed under

21. For evidence on attitudes of corporate executives, see Arthur M. Louis, "The View from the Pinnacle: What Business Thinks," *Fortune,* September 1969, pp. 92-94; or David Ewing, "Who Wants Corporate Democracy?" *Harvard Business Review,* September-October 1971, Vol. 49, pp. 12-28, 146-150; or Rama Krishan, "Business Philosophy and Executive Responsibility," *Academy of Management Journal,* December 1973, Vol. 16, pp. 658-69.

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existing arrangements. Furthermore, cooperation among corporate executives to facilitate efficient social investment would enhance their opportunities to form cartels and further other efforts to restrict competition.

Political Retaliation

It seems reasonable to expect that existing public officials would not stand idly by and watch these private decision-makers usurp their power. The mere existence of private power invites public attack. An example that should loom ominously in the minds of social responsibility advocates is that of the current efforts to further control the activities of privately endowed funds. The 1969 Tax Reform Act, among other things, levied a four percent tax on investment income of foundations and legislated a payout rate which is currently draining the assets of most major funds. The criticism of the foundations which prompted, in part, the 1969 law and which is used currently to quash efforts to reform that law is that foundations are "threatening in a democracy—as private decision-makers [they are] substituting their judgment of what causes deserve to be helped for the public judgment represented by legislative appropriations."[22] Exactly the same criticism could be levied against corporate executives if they began to involve their companies in matters of public policy.

It was the involvement of the Ford Foundation in various poverty projects in New York and elsewhere during the late 1960s which initially incited the hostility of some public officials. The same kinds of projects are within the scope of activities advocated under the social responsibility doctrine. Furthermore, the efforts of private corporations to influence legislation in the public interest (as is being urged by social responsibility advocates) may invite additional intervention by the Internal Revenue Service. Thus, it would be surprising if widespread efforts by corporations in the field of social problems would go unnoticed by public officials. The logical response, under the guise of protecting the public interest, would be further public regulation of private enterprise.[23] This is, of course,

22. "The Foundations Brace for an All-out Attack," *Business Week,* December 1, 1974, pp. 92-95.

23. This point has been argued by a Nobel Laureate, F. A. Hayek, "The Corporation in a Democratic Society," in *Studies in Philosophy, Politics, and Economics* (Chicago: University of Chicago Press, 1967) pp. 300-312.

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the outcome that many academic social responsibility advocates seek to avoid.

Not all social responsibility advocates are so fearful of increasing the government's role in business. In fact, some suggest a government-business "team" as a desirable alliance to combat various social problems. Much of the criticism of past government-business relationships has been that the outcomes of such relationships usually serve the interests of government and business at the expense of the consumers.[24] Future relationships are no less likely to suffer similar consequences. Those who support the social responsibility doctrine appear to be a strange alliance of academic reformers and business executives who have very different incentives for advocating such measures. Thus, the outcome of adopting such policies may prove to be quite the opposite of what some supporters expect.

Social Responsibility and the Corporate Income Tax

A final consideration here deals with the effect of the adoption of the social responsibility doctrine on current public efforts to deal with social problems. All corporations pay taxes to federal and state treasuries on their accounting profits. The current corporate tax rate at the federal level yields about $47 billion or 15.5 percent of total federal tax contributions.[25] Such taxes constitute the second largest source of federal tax revenues (excluding the social security tax). Any reduction in corporate profits would, of course, result in less revenue from the corporate income tax.

The use of corporate resources for social investments which are undertaken for any reasons other than increasing the wealth of the firm will logically result in lower corporate profit. Certainly, firms could make short-run adjustments, such as reductions in inventories or reduction of certain variable costs (for instance, laying off workers) which may enable profits to remain unaffected in the short-run. Such adjustments would, however, reduce long-run profit below what it could be in the absence of such adjustments. Thus, one

24. This should be clear to those who have studied the policies of the New Deal. See Ellis W. Hawley, *The New Deal and the Problem of Monopoly* (Princeton University Press, 1966). For an excellent theoretical treatment, see George Stigler, "The Theory of Economic Regulation," *Bell Journal of Economics and Management Science,* Spring 1971, Vol. 2, p. 3.

25. U.S. Bureau of the Census, *Statistical Abstract of the United States: 1977* (Washington, D.C.: U.S. Government Printing Office, 1977) p. 258.

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of the direct costs of socially responsible investments by corporations would be a reduction in federal tax contributions from corporations.

It could be argued that such investments by corporations will be dollars spent directly for improvement of some social problem, while tax contributions will be squandered by remote and unresponsive politicians and bureaucrats. However, the problem is again one of assuming that corporate executives will be more responsive to the public interest than elected and apppointed politicians. Individual citizens have some control over the politicians, whereas they have no control over the corporate officials. They money involved in either case is a tax on corporate resources; the question is simply: who will make the decision to spend the tax receipts—elected representatives or corporate executives?

Conclusion

In 1776 Adam Smith warned, "I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants. . . ."[26] Two centuries later, Secretary Kreps is suggesting that, indeed, more trading for the public good is occurring, is desirable, and should be encouraged. At the same time, other branches of the government are questioning whether corporations are "trading" responsibly for the interests for their most legitimate constituents—their shareholders. Such contradictory pressures from the public sector imply, on the one hand, a naive understanding of the feasibility of charging corporate decision-makers with distinctly public responsibilities, and, on the other hand, a failure to comprehend the democratic characteristics of the corporate form of organization relative to more public counterparts.

The large corporation which characterizes much of the American economy is an organizational structure that was not anticipated by Adam Smith. However, the provision of public goods for public or social ends is a function for which large corporations are as ill-suited as are smaller, more traditional forms of business enterprise. There is reason to suspect that efforts undertaken under the guise of social responsibility will not reflect the preferences of individual citizens, nor will such efforts be carried out with any more efficiency than present public efforts. The danger of increased power in the

26. *Supra* note 8.

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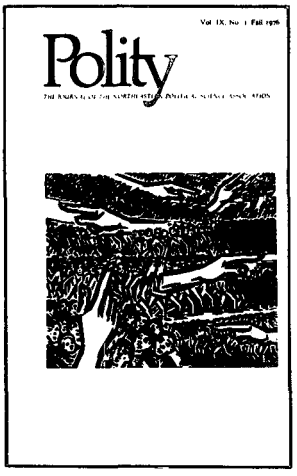
hands of a small number of corporate officials will very probably be countered by increased public regulation of private enterprise. Despite the vast changes in our economic system since 1776, "affect[ing] to trade for the public good" may still be an inappropriate role of private enterprise.



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On Standing Up to the Russians in Africa

ROBERT MOSS

There is now a growing debate in both Britain and America in response to the perceived failures of the policies of both governments in Africa. (In the U.S. a récent *CBS-New York Times* poll revealed that only 22 percent of the people are happy with President Carter's foreign policy). In this article, I should like to add to this debate by first placing what has been happening in historical perspective and then by analyzing three major arguments used by those who oppose standing up to the Russians in Africa. Finally, I propose to put forward four policy initiatives which may reverse the tide for NATO on that continent.

History may have to repeat itself before our political masters absorb it. In the Spring of 1977, General Mbumba's ragtag army of Katangese exiles, trained by the Cubans and backed by the Marxist-Leninist MPLA regime in Angola, made their first attempt to invade Zaire's mineral-rich Shaba province. This did not set off the chain-reaction in Washington and other Western capitals that was triggered by the second attempt last May.[1]

When Mbumba and his Communist backers tried again, President Carter was already reconsidering whether the claim that the United States had lost its "inordinate fear of Communism" was truly a cause for boasting. The second invasion of Shaba contributed hugely to the education of the fledgling Administration in Washington.

This was indicated by the warnings to the Soviet leadership that came from Dr. Brzezinski, from the President himself, and by America's willingness to back up the resolute initiative of President Giscard d'Estaing by loaning transport planes to the Franco-Belgian force.

1. It is true that, thanks to prompt intervention by the Moroccans, airlifted by the French, the first invasion did not get far, and so the world was not treated to the spectacle of the horrors inflicted on the residents (both black and white) of Kolwezi the second time around. It is also true that the second invasion followed the brutal demonstration of Soviet hardware and Cuban manpower in Ethiopia. This was on a scale that State Department spokesmen were initially instructed to play down but which swept the Somalis out of the Ogaden desert, in tatters.

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Yet, the debate both inside the Carter Administration and on the outside clearly showed that the Administration as well as the public was divided on the future course of U.S. policy toward Africa.

So it was not all that surprising to witness a determined campaign to demonstrate that the Cubans, the Soviets and even the Angolans could not have been involved in the Shaba invasion. It was, however, astonishing to find newspaper editorialists and Congressmen earnestly debating whether they should believe Fidel Castro or the President of the United States on the matter. Castro was actually given prime time on all three major American television networks to contradict the Administration's account of Cuban involvement and to meddle in Washington politics by singling out individual members of the Carter team for praise or blame.

The credulity with which statements from Castro and other Cuban spokesmen were received in some quarters was all the more startling since eye-witness accounts of Cuban involvement had already been published by a number of highly-respected reporters. *Newsweek's* Arnaud de Borchgrave for instance, interviewed wounded rebels in Kolwezi hospital on how they had been led on the march into Shaba by Cuban officers and Portugese Communist political commissars.

It is known that the Katangese rebels were recruited to fight for the MPLA during the Angolan civil war, thanks to the efforts of the Portuguese "Red Admiral," Rosa Coutinho. It is unlikely that their attack could be mounted from Angola without the collusion of the commanders of the Cuban garrison, which keeps the MPLA in power and which trains guerrillas for operations in neighboring African states.

"Where is the evidence?" Congressional critics of the Administration's hardening line demanded nonetheless. They were quick to take advantage of the obvious and understandable embarrassment of White House spokesmen about opening the files.

The primary source of the Carter Administration's dossiers on Cuban involvement in Shaba, as I understand it, was France's external intelligence service, the Service de Documentation Exterieure et du Contre-Espionnage (SDECE). The SDECE maintains first-rate sources inside Angola. Understandably, it wants to protect them. The reason that the Administration could not get all the facts it needed from the CIA's independent resources hardly needs spelling out. The Agency has been bound hand-and-foot in its intelligence-gathering activities as a result of the witch-hunts that will be

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viewed by future (or not-so-future) historians as a critical phase in America's strategic decline. Equally obviously, the SDECE would not have filled in the American intelligence gap without exacting some strong private assurances that, for once, an American Administration would be able to keep its sources secret.

A Gendarme for Africa?

Despite Castro, Shaba was saved for a second time, mostly because the French did not have to be taught the lesson that, in the face of Communist aggression, Africa needs a gendarme. King Hassan's readiness to fly in Moroccan troops for a second time to replace the departing French and Belgian *paras* (and at the risk of displeasing the Russians, with whom he had recently concluded a spectacular contract to develop his country's enormous phosphate reserves), combined with a residual French presence and the creation of a multinational francophone African force, will help to secure a holding position for Mobutu in the immediate future. But the economic damage inflicted on Zaire by the flight of white technicians from the copper and cobalt mines, added to the traditional hostility of many Katangese towards the corrupt and savagely repressive regime in Kinshasa, can be calculated to produce the conditions for a Shaba invasion, Mark III—when and if the Soviet and Cuban planners decide that pro-Western forces will not intervene or that those forces would be inadequate.

It is a pattern of Communist intervention that will certainly be repeated. The French are currently helping to defend Chad—and its uranium reserves—against Libyan-sponsored rebels in the north. The Moroccans are battling with the Algerian-backed Polisario guerrillas in the Western Sahara. Zambia's President Kaunda has threatened to provide a base for a Cuban attempt to overthrow the internal settlement in Rhodesia and install a dictatorship under the guerrilla leaders of the self-styled Patriotic Front. There are reports of preparations for an ambitious Angolan-based invasion of South West Africa involving top-level Soviet officers recently transferred to Angola. Vassily Solodovnikov, the Soviet ambassador in Lusaka, responsible for coordinating Soviet tactics throughout east Africa, is giving covert support to Marxist dissidents in Kenya, Malawi and Botswana, where the death or incapacitation of the present moderate, but elderly, leaders could provide the conditions for coup attempts.

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A Pax Sovietica?

The Russians have no shortage of African bases as they seek to expand their sphere of influence in the continent, with the overall objective of depriving the West of automatic access to raw materials on which its economies and armaments industries depend. This is a strategy of denial that Soviet planners have sketched out repeatedly in their published writings. Cuban ground forces are stationed in Angola, Mozambique, Congo-Brazzaville and, of course, Ethiopia; Cuban military advisers and security policemen are stationed in Sierra Leone, Equatorial Guinea, Sekou Toure's Guinea and Tanzania—a total of some 45,000 military personnel in the continent as a whole.[2]

There is a deepening involvement by the East Germans (who specialize in running the security services of Third World states) and other Soviet satellites.[3] Mounting Soviet confidence, as well as mounting Soviet ambition, is reflected by the assignment of increasing numbers of Red Army officers to take detailed control of ground operations in Angola.

2. As many have pointed out, 45,000 troops for a small country such as Cuba is the equivalent of approximately 800,000 troops for the U.S. This is substantially more than were in Vietnam at the height of that war.

Mr. Peter C. J. Vale of the staff of the International Institute for Strategic Studies reviewed (in their journal, *Survival,* July-August 1977) a book on Africa to which I contributed and which was published in 1976. Writing a year ago, Mr. Vale apparently wrote me off as an alarmist, noting that "Frankly the *Zeitgeist* of this book is more relevant for the 1950's than the 1970's. (Witness this gem from one British contributor on the Cuban involvement in the Angolan war: 'We have seen this down-at-heel little sugar-growing republic sending its troops all over Africa . . .')" The IISS's *Strategic Survey* for 1977 (just published) notes that "For such a small country with so few resources, Cuba's contribution was staggering." (p. 14). Perhaps events have changed Mr. Vale's mind? They often do.

For other informed articles on the growing Soviet power in Africa, see Julian Amery, "The Crisis in Southern Africa," *Policy Review*, Fall 1977, Kenneth Adelman, "The Black Man's Burden," *Foreign Policy*, Fall 1977, Kenneth Adelman, "The Runner Stumbles: Carter's Foreign Policy in the Year One, *Policy Review*, Winter 1978, Bayard Rustin and Carl Gershman, "Africa, Soviet Imperialism and the Retreat of American Power," *Commentary,* October 1977 and Peter Vanneman and Martin James, "Soviet Intervention in the Horn of Africa," *Policy Review*, Summer 1978.

3. See, for instance, Elizabeth Pond, "East Germans Look to Africa," *The Washington Post*, July 8, 1978.

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The rapidity of Soviet strategic penetration of Africa is even more remarkable than its scope. Prior to 1974, the Russians could count on only one reliable ally in black Africa—Guinea—and, even there, they had had a stormy relationship with Sekou Toure in the early 1960s. This was despite the considerable investment they had made in backing revolutionary movements throughout the 1960s and early 1970s and in meddling in the Congo. The great sea-change in Soviet fortunes came with the Communist-backed "captains' coup" in Lisbon in 1974, which (according to French and Spanish intelligence sources) was the key element in a long-range operational plan, code-named the "Oran Plan," that had been drawn up some years before and which I have described elsewhere.[4] The Russians failed to take control of Portugal, although the Communist-dominated government of Vasco Goncalves nearly achieved that for them.

Control of Portugal, however, was never a primary Soviet objective. What the Russians were after was Portuguese Africa, without which Portugal itself would be condemned to subsist as a slum suburb of Europe. Control of Angola and Mozambique would provide (*a*) superb natural harbors as naval bases; (*b*) control of the most convenient routes to the sea for landlocked states such as Zambia (and thus the ability to apply political leverage by threatening their communications); (*c*) control of Angola's oil and mineral wealth; and (*d*) the launching-pad for an assault on the white-ruled states of southern Africa. By early 1976, these objectives had been securely achieved.

In the wake of Western abdication in Angola and later in the Horn of Africa, the Russians had reason to believe that the United States and Western Europe no longer had the stomach to oppose their designs. Angola, after all, had been almost the ideal place for the West to draw the line against Soviet expansion in Africa, since the conflict there did not involve the race issue, but pitted pro-Soviet black forces against pro-Western black forces that enjoyed majority support throughout large areas of the country. Yet, having encouraged the South Africans to take up the slack in Angola—which the South Africans did so successfully that, pushing the Cubans aside, they came within a day's drive of Luanda—the Americans were unable to deliver on their own promises. This was mostly

4. See my article, "The Rocky Road to Democracy," *National Review*, June 10, 1977.

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due to Congressional hostility to Dr. Kissinger and the activities of "whistleblowers" who leaked news of secret operations in order to sabotage them.

The second invasion of Shaba set a new test for the Western powers. They passed. The French initiative, followed, with increasing degrees of reluctance, by Belgium, the United States and Britain, may suggest that a new mood of resistance has been generated at last. Or does it? The Russians must have drawn comfort from the public disagreement between the French and the Belgians and between Brzezinski and Vance, and also from the blandly defeatist counsel proffered by Britain's Prime Minister, Mr. Callaghan, in his press conference during the NATO summit in Washington. Affecting to speak with the worldly wisdom of a tribal elder raised among the *kraals*, he sniped at the green striplings in Washington (read: Brzezinski) who set off like some "new Columbus" to discover Africa, to which Brzezinski might have replied, "It's better to have to discover a place for the first time than to have known it forever without having ever worked out what to do about it."

The Anti-globalists

Shaba was an easier test than the new ones that the Russians have in store for Jimmy Carter. Whenever American counter-measures of any kind are suggested, siren voices are raised to defend a policy of *passivism* in the face of Soviet encroachments in Africa. Leaving aside such mystical flashes of inspiration such as Andy Young's recent discovery that the role of the Cubans in Angola is like that of the French in the American Revolution, it is worth examining briefly some of the stock arguments that are used by those who contend that the United States has no business standing up to the Russians in Africa:

(1) "U.S. globalism brings in the Russians."

Dr. Gerald J. Bender, writing in the summer issue of *Foreign Policy*, contends that "under Gerald R. Ford, Henry A. Kissinger's globalist approach actually contributed to an increase in the number of Cuban troops in southern Africa; Zbigniew Brzezinski's similar influence on President Carter's policy would have the same effect." The best that can be said for this statement is that the professor is meticulous about middle initials.

Dr. Bender leaves me puzzled by the use he makes of the ugly

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neologism "globalist," especially since later on in his article he inveighs against "narrow globalist perspectives"—which makes as much sense as writing about dry water. I would hazard a guess that what he is trying to say is that Dr. Kissinger was at fault because he tried to stop the takeover of Angola by the MPLA and its foreign backers, thereby obliging the Cubans to go to the trouble of sending in more troops; and that Dr. Brzezinski, too, is a dangerous man, since he wants to put obstacles in the path of Soviet expansion that would compel the Russians to use bigger forces to get their way. The value of this argument is best assessed by applying it to another historical situation. Dr. Bender might equally well have written that the Allied powers, by their "globalist" decision to defend Poland against Hitler in 1939, "contributed to an increase in the number" of Nazi troops outside Germany. But didn't the—presumably—non-globalist decision by Britain and France to allow Germany to swallow up the Rhineland, Austria and Czechoslovakia without opposition encourage Hitler to escalate his demands, and so set Europe on the road to war?

Subscribers to the Bender thesis will draw ammunition from a book by the latest of the CIA's "ideological defectors," John Stockwell, although I should warn them that his shells are faulty and likely to backfire. Stockwell's argument, in a nutshell, is that the Cubans were sucked into Angola because the CIA got there first, eager to find a new playground in the aftermath of the Vietnam disaster, and because Kissinger helped to pull the South Africans in too.[5]

5. An innocent reader would be bound to assume that Stockwell knows what he is talking about, since he was formerly the chief of the CIA's Angola task force in Washington. But the reader will be forewarned if he studies Stockwell's acknowledgements, in which he offers profuse thanks to such personages as Ralph Stavins, one of the luminaries of the left-wing think-tank, the Institute for Policy Studies (IPS) which has been in the forefront of the campaign against the American intelligence agencies. There is strong circumstantial evidence to suggest that Stockwell acted as a "Deep Throat" source for groups that were trying to sabotage the American involvement in Angola while he was supposed to be running the CIA task force. For example, the closing sentences of his book almost exactly coincide with a quotation from an anonymous inside source cited at length in a remarkably well-informed pamphlet on the CIA's secret war in Angola that was published by Morton Halperin's Center for National Security Studies (CNSS) when the war was still raging. Many of the major disclosures in Stockwell's book were already contained in this pamphlet. Moreover,

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Stockwell may be an insider, but, as someone who has joined the radical campaign to close down the CIA, he has his own axe to grind. The Russians did not arrive in Angola late in the day, as Stockwell implies. They were involved as early as 1956, when the ultra-loyalist pro-Moscow Portuguese Communist Party helped to found the MPLA, in which Agostinho Neto—who had set up a clandestine Communist group during his student days in Oporto—emerged as the dominant figure. In the early 1960s, the MPLA established its first links with the Cubans, who were then running a training camp for African guerrillas at Dolisie in Congo-Brazzaville.

Similarly, South African intervention in Angola, far from providing the pretext for Cuban involvement, actually came as a response to the accelerating inflow of Cuban troops and Soviet weaponry in 1975. Carlos Rafael Rodriguez publicly admitted (in a speech in December, 1975) that there were 230 Cuban military "instructors" inside Angola as early as the spring of that year. There is evidence that Cuban troops went into battle in Angola two months before the South Africans. I described this in detail in a series of articles in *The Sunday Telegraph* of London last year.[6] I will not revive the ongoing disputes over the chronology of the Angolan war—over who did what first—in this article. I mention them only to point out that we need to be very wary of claims that Soviet/Cuban intervention in a situation like Angola is the response to a prior Western engagement.

The more important point is that discussions about who did what to whom first are in fact a time-wasting diversion. Dr. Bender tries to equate the American role in Saudi Arabia with the Cuban role in Angola. The United States, however, is not a neutral power in the great strategic and ideological conflicts of our time, and, even if it were, it would still have a duty to its own citizens to defend their interests abroad—for example, by protecting a regime that allowed access on favorable terms to a vital resource. Central and

some of Stockwell's former colleagues in the field have sour memories of his performance. A retired CIA paramilitary expert who played a key role in Angola told me that Stockwell handed in a report on the military capabilities of the anti-Soviet guerrilla movements, UNITA and the FNLA, that was outlandishly enthusiastic about their potential as soldiers, and was seen to be fiction as soon as the two movements were exposed to real combat.

6. *The Sunday Telegraph*, January 30, February 6, 13 and 20, 1977.

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southern Africa is one of the world's richest mineral bins; both enlightened self-interest and collective security demand that the United States should play a leading role in keeping that mineral bin out of unfriendly hands, by whatever methods are required.

A Vietnam for the Russians?

(2) "The Russians are digging their own Vietnam."

It is certainly true that the Russians are not greatly loved, in human terms, anywhere in Africa, and that serious differences over policy have developed between Moscow and its regional allies, including Cuba—especially as a result of the debate over how to deal with the Eritrean secessionist rebels. But one is gravely mistaken to assert that, if the Western powers simply stand aside, the Russians are somehow bound to blunder their way into their own Vietnam quagmire, because (a) the Russians are playing as cautious, low-risk gamblers in Africa, betting with a junior relation's chips, and (b) the local forces that might conceivably be able to inflict military humiliation on Soviet proxy troops require outside backing on a scale that they are not currently receiving.

Those who argue that the United States can afford to stand aside while the Russians proceed to make a mess of things for themselves in Africa have drawn a certain amount of comfort from the confusion that now prevails in the Horn of Africa. The emergence of a Marxist military dictatorship in Addis Ababa prompted a reversal of traditional alliances along the southern shores of the Red Sea. Somalia, hitherto regarded as a staunch Soviet ally, and the home of the huge naval and missile base at Berbera, veered towards the West as the Russians threw their backing behind Ethiopia, which had been a long-time ally of the United States and Israel. This turnaround presented the American Administration with several options, including:

a. to accept the reversal of alliances, and provide Siad Barre with the arms and third party assistance he needed to hold his own against the Soviet hardware and Cuban troops that were poured into the Ogaden to support the Ethiopians;
b. to try to build on the independent nationalists inside Ethiopia's ruling Dergue, and actively seek to oust the pro-Soviet elements;
c. to boycott or provide only limited arms supplies for both sides, and to stand aloof to await events.

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After much wavering, the Carter Administration finally settled on option (c), and it was possible to argue, by mid-summer, that it had started to pay off. The Soviet/Cuban/Ethiopian armies were able to sweep the Somalis out of the Ogaden by dint of their overwhelming superiority in manpower and weapons (flown in in the biggest airlift the world had seen since the Yom Kippur war). But they did not push on across Somalia's frontiers. Meanwhile, Ethiopia's strongman, Colonel Mengistu Haile Mariam, provoked major tensions within the Soviet camp by insisting that the Russians and the Cubans should back him to the hilt in a bid to crush the Eritrean rebels and guarantee Ethiopia's unobstructed access to the Red Sea ports. The Cubans had long-standing ties with the Marxists in the Eritrean camp. So did radical, Soviet-influenced Arab states such as Libya, Iraq and South Yemen. All of them were unwilling to lend their support to an Ethiopian drive against Eritrea.

So there were those who said by the middle of the year that the Russians had gained less than they had lost in the Horn of Africa, despite their considerable military investment. After all, the Russians had lost their bases in Somalia, without gaining control of the Red Sea ports of Eritrea in exchange. The debate over whether or not to throw full support behind Mengistu on his march into Eritrea had set them at loggerheads with the Cubans. All they could claim to have achieved was a degree of influence over the shadowy regime in Addis Ababa, whose armies were an undisciplined shambles.

This is becoming a popular assessment, but it is (to put it mildly) premature. The Russians calculated that the military humiliation of the Somalis, combined with Western refusal to give them significant backing when they turned against Moscow, would bring down Siad Barre's regime and provide a dramatic warning to other pro-Soviet governments of the penalties for biting the hand that feeds them. A coup attempt in the immediate aftermath of the Ogaden rout failed, but there could be another. Alternatively, there is the possibility that President Siad Barre, although bitter about the slaughter of his troops by his former allies, could himself lead the shift back towards Moscow; in mid-June, there were intelligence reports that he was meeting daily with the Soviet ambassador in Mogadishu, and that Libya's erratic Colonel Qaddafi was exerting himself mightily to mend the breach. In Ethiopia itself, the Russians were constructing a vast new air base outside Addis Ababa, destined to be entirely under Soviet control. It is one in a series of bases including those in Libya and South Yemen. There remained, it is

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true, the intractable problem of how much weight to put behind Mengistu in Eritrea, and a great cloud of uncertainty hung over the old Soviet plan to set up a loose confederacy of the four nations of the Horn: Ethiopia, Eritrea, Somalia and little Djibouti. But it would obviously have been rash to draw the conclusion that the Russians were digging their own Vietnam. For one thing, the Soviet leaders are patient, cautious people who have been around for a long time; although they are quickening their step, they are still inclined—if the risks rise too high or the rewards appear too slight—to back away. But when the West fails to take up their challenge, what risks are there to deter them?

The 'So What' School of Thought

(3) "If the West loses Zaire (or Angola, the Horn, Rhodesia, South Africa, and so on), so what?"

The "so what" school of thought maintains that the United States should not trouble itself overmuch about the loss of real estate in Africa, since "our guys" are either corrupt or racist, and therefore not worth backing in the first place. Also, the Soviets are unlikely to score well in the long run in an area where Ivan is loathed and ideology wilts in the heat of the sun. And, finally, even if black Africa goes Communist, it will still have to trade with the West. "So what" is a state of mind, not a reasoned approach. The struggle for Africa revolves around raw materials. The effect of a successful Soviet grab for the mineral resources of Shaba—let alone southern Africa as a whole—would be felt immediately with the formation of new cartels to jack up prices, and later on with attempts to copy the oil embargo of 1973 and use the denial (or threat of denial) of raw materials for political leverage.

Passivism is not a policy. Piecemeal reactions to Soviet initiatives do not add up to a policy either. On what basis can the NATO powers now seek to achieve what has long been lacking: a coherent strategy for resisting Soviet expansion in Africa?

A Forward Policy for Africa

The containment of Soviet expansion in Africa is a goal that has yet to be openly espoused by all of the major NATO powers. Yet, as a strategic objective, containment is not enough. A purely defensive posture is rarely an effective form of defense. Why should the

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Western powers regard the Marxist dictatorships that provide a base for Soviet subversion and Shaba-style operations in Africa as untouchable? Are we really going to rest content with a situation in which the battles are being fought on territory that belongs to the Western sphere of influence? Are we determined to allow countries like Angola or Mozambique—whose bloodthirsty regimes, despite their powerful friends, are as precarious as any in Africa—to promote the overthrow of moderate black governments, as well as the destruction of the prospects for democratic majority rule in Rhodesia and Namibia?

Standing up to Soviet ambitions in Africa will require a forward policy. Four key elements of such a strategy are not difficult to identify, if we can detach ourselves from the emotional rhetoric of the current debate.

(1) Curbing the Cubans.

It deserves to be recalled that on October 3, 1962, the United States Congress passed an important resolution on Cuba which still stands in the statute books as Public Law 87-733. The most relevant passage in this law states that "the United States is determined: (a) to prevent by whatever means may be necessary, including the use of arms, the Marxist-Leninist regime in Cuba from extending, by force or the threat of force, its aggressive or subversive activities to any part of this hemisphere; (b) to prevent in Cuba the creation or use of an externally supported military capability endangering the security of the United States."

The deployment of a Cuban foreign legion, financed and equipped by the Russians, is surely a contingency covered by clause (b) of the legislation—although I am sure that the authors of the 1962 law could not have conceived, even in their wildest fantasies, that something like this would come to pass. In other words, the United States is committed, under a law that has never been repealed, to resist Soviet attempts to use the Cubans as proxy forces in a way that could be held to endanger American security. There are people in Washington, of course, who deny that what the Cubans are doing in Africa poses a threat to American security; the Administration is divided on this issue.

Still, there are some realistic options that should be considered.

First, it is not beyond the resources of the American Air Force to stop Cuban transport planes from departing for Africa. Second, there is now enormous scope for psychological warfare designed

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to undermine the morale of Castro's expeditionary forces and to encourage defections. Why, as a matter of fact, have there been no field-rank defectors from Castro's legions in Africa and the Middle East? It may be that his officers had concluded that they were on the winning side. My hunch is that, with the CIA in its crippled condition, few people were trying hard enough to coax defectors to come across.

(2) Backing pro-Western resistance groups in Marxist states.

Resistance to the MPLA regime in Angola and the FRELIMO regime in Mozambique continues and in both countries the ruling movements are bitterly divided. This provides a singular opportunity for the West to provide low-cost (and low-risk) support for anti-Soviet resistance groups.

The case is particularly pressing in Angola, because (a) the MPLA regime and its Cuban and East German guardians are providing the base for guerrilla attacks against Zaire and South West Africa, while (b) at least one of the anti-Soviet movements—UNITA—commands genuine popular support throughout more than half of the country and is led by one of the most attractive and intelligent leaders in black Africa, Jonas Savimbi. Even the revisionist John Stockwell falters in his wholesale assault on everything that Kissinger tried to achieve in Angola when it comes to Savimbi—Stockwell can't quite bring himself to run down a man who towered above his rivals in his intellectual and political qualities.

UNITA and the FNLA are, of course, not entirely friendless. They are receiving discreet backing from the French, and there are reports that French "mercenaries" will be attached to UNITA units following Savimbi's secret visit to Paris on the eve of the Franco-African summit at the end of May. The FNLA can count on its base in Zaire, not least because its leader, Holden Roberto, is Mobutu's brother-in-law. The South Africans, while keeping their heads down, maintain close ties. But there is an urgent need for more weapons, more money, for military advisers and a leavening of disciplined troops—"mercenaries" at a pinch, if they are seasoned professionals.

In this case, the West has the opportunity to support a "people's liberation army" against a repressive regime that, according to one account (by Norman Kirkham in *The Sunday Telegraph*), has taken the lives of 70,000 of its own citizens. Above all, the West has an opportunity to inflict a stinging humiliation on Castro's army of

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occupation that would make him think hard and long before venturing beyond his island.

(3) Having a "fire brigade" on call.

The lesson of the recent conflicts in Zaire and Angola is that small bodies of disciplined troops can do almost anything in black Africa. This can be exploited by Soviet proxies for aggressive purposes. But equally, it can be exploited by the Western powers to mount effective, low-risk holding operations. The ideal *force d'intervention* for Africa would be similar to what the French have tried to do in setting up the francophone African force; it would be an essentially *African* force, supervised by European "advisers," with guaranteed financial backing, supplies and equipment and the ability to call on mobile reserves from NATO. But the French have gone as far with this concept as anyone is likely to be able to go. In English-speaking black Africa, major states like Nigeria appear to be less concerned about Soviet intervention than with meddling in southern Africa.

A standard theme of Soviet propaganda during the second Shaba invasion was that NATO, as an organization, had returned to executing its "imperialist designs." There is a clue here as to how the Western powers should proceed. NATO should formally extend its geographical brief, since the security of Western Europe is bound up with secure access to the minerals and sea-routes of Africa; the fall of Zaire would arguably be a bigger blow to Western Europe than the fall of West Berlin, shocking as the suggestion may sound. Second, the major NATO powers should ensure that they have the airborne forces—and the means to airlift them—instantly on call to play a fire brigade role, as required, in Africa. French military involvement in many brush-fires around black Africa currently occupies an estimated 15,000 military personnel and has sorely stretched the country's military reserves. Still, France is in a strong position, compared with Britain, where Labor Government policy has cut back the Parachute Regiment to a single battalion, making it exceedingly difficult for the British to contemplate a Shaba-style operation.

Fortunately, while Britain and America waver and doubt, there are a number of smaller powers that have demonstrated the will to play an active role in containing Communist aggression in Africa and could play a bigger role in the future. Morocco has been the most active among them—apart from South Africa, to which I will

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come in a moment. The Saudis have helped to finance Moroccan operations and more backing could be forthcoming from them—and from the Shah of Iran.

Southern Africa—a Vital Link?

(4) Coming to terms with southern Africa.

The confusion of Anglo-American policy is at its most complete in relation to the three nations of white-ruled southern Africa: South West Africa, Rhodesia and South Africa. I am reliably informed that on his last visit to Cape Town, Cyrus Vance asked R. F. ("Pik") Botha for an assurance that, if the Cubans invaded Rhodesia, South Africa would not intervene. The South African Foreign Minister gave him a dusty reply—which is what he deserved.[7] After all, it is one thing to refuse to defend a threatened country against Soviet bloc intervention yourself. It is another thing to go about the world trying to deter other countries from responding.[8]

What are the basic problems now facing the West in dealing with each of southern Africa's three nations? In South West Africa, the South Africans have agreed to the proposals put forward by five Western governments for independence under majority rule based on free elections. The leaders of the territory's major terrorist organization, the South West Africa People's Organization (SWAPO) have yet to agree to enter into serious discussions on this basis. South Africa's Prime Minister, Mr. B. J. Vorster, put it to me during our last meeting that the independence scheme for South

7. I am also informed that when Mr. Smith asked Mr. Vance if there was *anything* the Rhodesian multi-racial Executive Council could do to make itself acceptable to the U.S., Mr. Vance replied, without hesitation, "No."

8. In relation to South Africa, some elements in the Carter Administration have even descended to making puerile gestures like denying General Hendrik Van Den Bergh, the head of the Bureau for State Security (BOSS), a visa to visit the United States for a meeting with Dr. Brzezinski. This happened just after Van Den Bergh had performed a special favor for the CIA. I suppose it is not all that surprising in view of the fact that white Rhodesian spokesmen, and some moderate blacks, are systematically excluded from the United States, while the leaders of the Patriotic Front—whose terrorist gangs are slaughtering innocent civilians, both black and white—are given royal receptions.

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West Africa is "the creature of the West. We will now have to wait to see whether the West will allow it to survive."

It is urgently necessary to press ahead with preparations for the elections—and to set a definite date—because of the real threat that the territory's democratic political leaders will be demoralized, or physically liquidated, in SWAPO's continuing terror campaign, which appears designed to eliminate the alternative leadership in South West Africa. The much-criticized South African raid on SWAPO's guerrilla base at Cassinga, deep inside Angola (a place code-named "Moscow" in internal SWAPO documents), bought a little time. It came in response to evidence of plans to launch a major new terrorist offensive following the assassination of the country's probable first black president, Chief Clemens Kapuuo, and other moderate leaders. But now there are signs of a new build-up inside Angola, in which Soviet as well as Cuban military personnel are preparing for an invasion of Namibia.

At stake in Namibia is the freedom and physical security of about a million people, divided into a dozen ethnic groups, and control of rich reserves of uranium, diamonds and other minerals. It is the moral obligation of the Western powers to stand by their own proposals if the South Africans proceed to implement them—regardless of what the SWAPO terrorists and their foreign masters choose to do.[9]

Of course, a democratically-elected government in Namibia representing the majority of the population who do not support SWAPO would still need to be defended against terror attacks mounted from bases outside its borders. A United Nations presence could not provide the necessary guarantee, given the problems of language and environment and the physical difficulties of defending an immense border. So, a government of the moderate, multi-racial grouping, the Democratic Turnhalle Alliance (DTA), would probably ask the South African troops to stay on. Whether that happened or not, the South Africans would still be entitled—under the Western proposals—to maintain a reserve force at the Walvis Bay enclave, which contains not only a superb natural harbor but

9. By the way, SWAPO leaders have been acquiring the predictable allies; during a visit to Iraq in April, Sam Nujoma, the organization's high-living president, declared that "we fully support the Palestinian struggle for the total liberation of all occupied Palestine."

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the facilities for basing up to 50,000 troops—an insurance policy against a Soviet-backed invasion.

In Rhodesia, the internal settlement between Mr. Smith, Chief Chirau, Bishop Muzorewa, and Rev. Sithole represents the best and very likely the *only* hope of bringing about what the British and American governments have claimed to be seeking to achieve: democratic majority rule. Yet, the British and American governments have seemed determined to sabotage the settlement by maintaining economic sanctions and by advancing the cause of the Patriotic Front, an organization that is neither nationally representative nor a united front.

A book entitled the *Scandal of Sanctions* that was due to be published this summer in Lisbon, written by Jorge Jardim—the confidant and special emissary of Salazar who played a key role in ensuring that Rhodesia was able to import its oil via Mozambique in the decade after UDI—recounts in embarrassing detail how the British Labor Government and the partly state-controlled company, British Petroleum, turned a blind eye to the most effective sanctions-busting operations. Jardim's contention is that even the people who were primarily responsible for imposing sanctions against Rhodesia (on the highly dubious legal grounds that its self-proclaimed independence constituted a "threat to world peace") were hypocrites who failed to stand by their own policy. Against this historical backdrop, the maintenance of sanctions against Rhodesia now that it has a multiracial government and is on the road to black majority rule is morally indefensible.

Rhodesia is the pivot around which the destinies of southern Africa as a whole are likely to turn. For a start, control of Rhodesia's fertile food-producing areas would allow Mozambique to become the base for a direct assault on South Africa. The biggest single restraint on Samora Machel's freedom of maneuver at this stage is his country's dependence on imported food, most of which comes from South Africa, although some is brought in covertly from Rhodesia. Rhodesia also lies athwart Zambia's and Zaire's lines of communications to Beira and the Mozambique ports. Its chromium is vital to Western defense industries. Most important of all perhaps, its defense forces—of which 80 percent consists of black volunteers—are probably the best in the entire African continent and, therefore, a serious obstacle to the achievement of Soviet strategic designs so long as they remain intact.

Anyone who has toured the gutted homesteads of Rhodesia and

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studied the slow forms of death that the "freedom fighters" of the Patriotic Front take relish in inflicting on innocent victims cannot fail to grasp that, behind the cloud of political rhetoric, the basic issue in Rhodesia today is whether the majority of the population, black and white, will be permitted to live in freedom from fear. While the murder campaign by terrorists operating across the Mozambique, Zambia and Botswana borders goes on, the maintenance of sanctions puts the Western powers in the unedifying position of a man who tries to hold down his neighbor while a gang of muggers approach to cut his throat. To insist that Robert Mugabe and his ZANU supporters must be included in a settlement is the same as demanding that the Red Brigade killers of Aldo Moro should join the Italian cabinet.

There are signs that some of these points are at last beginning to be taken in London, although the swing in official opinion in Washington is slower in coming about—and Britain's Labor Government will not go against American wishes on Rhodesia. It may be that many Western countries will be persuaded to drop sanctions when a "free and fair" test of the wishes of the Rhodesian people (to use Dr. Owen's phrase) is conducted. But why wait for elections or a referendum? Applying sanctions now that Rhodesia has accepted the principles of majority rule is serving to demoralize the moderates in that country and encourage the terrorists. Under the British government's White Paper in September 1976, sanctions were supposed to be dropped when an interim government was set up, rather than after elections. This formula was also part of the Kissinger proposals that were accepted by Ian Smith—under South African pressure—in 1976, as well as by Britain and neighboring black African states, but sabotaged by Tanzanian backsliding and Soviet pressure. The time to drop sanctions is now, and there are signs of a mounting campaign in both the U.S. Congress and the British Parliament to bring this about.[10]

10. A straw in the wind (regarded as hopeful by some and as ominous by others) was the vote in the U.S. Senate on June 28, 1978. The Senators voted 48-42 against repealing sanctions against Rhodesia for a trial period (in order to give the interim multi-racial government a chance to work). Interestingly enough, the close vote on this key foreign policy issue was not considered newsworthy by either *The New York Times* or *The Washington Post,* even though *both* party leaders voted to suspend sanctions.

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South Africa—the Ultimate Prize

The Republic of South Africa, now the focus for an intensive campaign aimed at bringing about its economic and diplomatic isolation, is the ultimate Soviet target in Africa and has become an intractable problem for the West.

How should we deal with South Africa? I can offer a few rules of thumb. *First*, since South Africa is less repressive than many countries that belong to the United Nations, we should have some reserves about the moralistic arguments that are used to justify the present arms embargo and proposed economic sanctions or disinvestment by Western corporations. I personally find the concept of enforced racial segregation both viscerally and morally abhorrent, but South Africa is not unique even in its racism.

It is true that South Africa puts racial discrimination openly on the statute books, while many other nations practice it without advertising the fact. There is no doubt that if Mr. Vorster could get up tomorrow and announce that the laws enforcing racial discrimination were to be repealed, South Africa could be brought back into close alliance with the U.S. and the other NATO powers far more easily.

Meanwhile, there are plenty of racists in Africa (and on other continents). Idi Amin of Uganda praised Hitler for his treatment of the Jews. The expulsion of the Asians from East Africa was a racist act. Why is "racism" held to be worse than "tribalism"—which is prevalent throughout black Africa and has resulted, in some cases, in government by tribal genocide? The conclusion, which seems obvious to me, is that South Africa is not being harried because it is racist, but because its rulers are white and (still worse) anti-Communist.

Second, there is abundant evidence that Western business involvement is a powerful engine of social reform in South Africa. Peaceful change is far more likely to come down this road than as a result of the bullying tactics that Third World dictators and the boycott lobby in Western countries wish to apply.

Third, South Africa, in economic and military terms, is the most powerful country in Africa. It is hardly an exaggeration to say that if the immense natural resources and the crucial strategic position that South Africa occupies on the world's map were to pass under Soviet control, the economic and strategic position of Western Europe would become untenable. So, the West has a clear, indeed

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vital, interest in maintaining a friendly government in Pretoria, however embarrassing its domestic policies may be.

Finally, the South Africans demonstrated, through their intervention in Angola in 1975-76 and their measures to protect the Cape route, that they were prepared to fight some battles for the NATO powers that they were not willing to handle for themselves. There is a residual bitterness in South African political and military circles, stemming from the belief that the Americans did not keep their promises in Angola—the promises that helped to persuade Mr. Vorster's government to send its troops across the border. It is the South Africans who can provide the most persuasive deterrent to a direct Soviet bloc invasion of Rhodesia or independent Namibia. So, the effort to disarm them must be read, with a cold eye, as an attempt to soften up the area prior to a new Soviet land-grab which the NATO powers—in the view of the Soviet planners—would be unlikely to resist by military intervention. Despite the selective hysteria directed against South Africa, the fact remains that the West needs South Africa and so do the moderate black states of central and southern Africa that begged the South Africans to intervene in Angola.

As a first step in implementing this needed policy change, the arms embargo should be dropped and serious consideration should be given to the formation of a South Atlantic Treaty Organization.

Can we expect a return to realism in Washington and London? In the United States, there are heartening indicators of a sea-change in public opinion, reflected, at one level, by the successful tax revolt in California that is beginning to sweep the country. The question that arises in any democracy is: How does public opinion become transformed into official policy, if the Administration and the "big media," which Lewis Lapham of *Harper's* has called "an occupying army," are determined to ignore it? The answer may lie more in Congress than in Dr. Brzezinski's office.

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Taking Capitalism Seriously

TWO CHEERS FOR CAPITALISM. *By Irving Kristol.* (Basic Books, N.Y., 1978.)

DOES FREEDOM WORK? LIBERTY & JUSTICE IN AMERICA. *By Donald J. Devine.* (Green Hill Publishers, Ottawa, Illinois, 1978.)

For a decade now the message from Soviet dissidents to citizens of Western liberal democracies has been clear enough: provide a cogent argument for your system! Show that it is just, prove that it works, and don't stand still in the face of the pretentious attacks upon it from such morally bankrupt "righteous" sources as the Marxist ideologues or the wishful dreamers who fancy themselves lovers of unspoiled nature. This message, however, was not at first heeded carefully enough.

In the mid-nineteen sixties there may have been a few writers who put in a good word for capitalism. They included nonacademicians such as novelist Ayn Rand, or academic economists such as Milton Friedman and F. A. Hayek. But the overwhelming majority of Western intellectuals wouldn't hear of praising this system in any of its actual or theoretical variations. Occasional anti-ideological and pragmatic support for the mixed economy did manage to be voiced by some, but no principled argument for the free society could be found in prominent circles. Everyone who counted was some kind of a socialist or an anti-communist conservative without much respect for reason. Magazines of some intellectual caliber mostly published tracts on how to bestow greater and greater powers upon government so that it would achieve for society all of our goals. The public sector was held to be supreme by John Kenneth Galbraith and his allies. The state's proper role of trying to secure for citizens everything from education and an adequate standard of economic, psychological and spiritual welfare, to industrial safety, old age security or a rich artistic and scientific environment was thought to be established beyond a shadow of doubt.

But just as capitalism's few defenders had argued all along, nothing remarkably praiseworthy happened when the practical implications of such economic (and spiritual) state welfarism were examined. No one was, nor is now, really satisfied with the welfare state. The Marxists, in the face of the recurrent and wide-ranging failures of the U.S.S.R. and Mao's China, had to dig up the rather undistinguished early Marx who was just as utopian as those whom

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the later "scientific" Marx attacked so ruthlessly. It was, after all, undeniable by now that the doctrines of this "scientific" Marx, with a bit of help from Lenin, ushered in Stalinism. The horrors of the Third Reich could no longer serve to hide the Marxist holocaust. From welfare state to "scientific" socialism—including Sweden's benign version—nothing appears to have worked, anywhere, despite all the grandiose promises.

At this point, capitalism was rediscovered by a few prominent members of the pragmatic centrists and by some social democrats—Michael Novak, Irving Kristol, and others—not the pure capitalism of Hayek and Friedman, of course, nor the morally assertive variety that Rand advocated in her "outrageous" novels and books. This was Irving Kristol's pragmatic capitalism. It was a form of capitalism which had ample room for government welfare, both economic and spiritual. It allowed for regulation of business and manufacturing, censorship of movies and books—and other forms of statism. But the pragmatic capitalists also—hesitantly at first, and later more and more assertively—supported something vague called the market economy. Kristol was only one among many earlier supporters of socialism (of the anti-communist kind) who began to look with increasing favor at the hodge-podge of pragmatic Western liberal principles underlying democracies. *Two Cheers for Capitalism* records Professor Kristol's unapologetic reappraisal of and often reluctant recent support for something he and many of his socialist colleagues once helped to eradicate from the American mind as well as from reality, namely, the free society.

Two Cheers contains much that is extremely satisfying to those of us who never fundamentally doubted the relative superiority of the American constitutional republican (or libertarian) political tradition, but the book also includes some confused notions on the philosophic foundation of this important political idea. Since this is a collection of essays which spans about two decades of the author's works, ranging from brief columns in *The Wall Street Journal* to longish social commentaries and socio-political analyses from *The Public Interest*, it is impossible to consider its thesis as a whole. It really has none, since Professor Kristol advances just the sort of outlook on life and culture that eschews the thesis approach. There is a proud pragmatism here, a sort of defiant willingness to compromise on any principle—let freedom or censorship or welfare or government regulation reign in America, but not too dogmatically, not everywhere, not always, just enough so that we can get the most from it. Professor Kristol, who is a senior fellow at the American

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Enterprise Institute, teaches at NYU and co-edits *The Public Interest*, has a distinguished record in both academia and journalism. He stresses the point that "A capitalist society does not want more than two cheers for itself. Indeed it regards the impulse to give three cheers for any social, economic, or political system as expressing a dangerous—because it is misplaced—enthusiasm." Actually, however, he is much more of a compromiser on capitalism than this eminently sensible idea might suggest.

The Moral Foundations of Capitalism

As a teacher of philosophy, my main interest in Kristol's book is his criticism of capitalism's philosophic and moral foundations. As did Professor Daniel Bell, in his *The Cultural Contradictions of Capitalism*, Professor Kristol finds that "the prevailing philosophy of liberal capitalism gives [capitalists] no argument against [their enemies]." As he points out, even Milton Friedman "is, in the name of 'libertarianism,' reluctant to impose any prohibition or inhibition on the libertine tendencies of modern bourgeois society." The charge is, to put it plainly, that the private vices which are permitted to exist in a free society threaten its destruction, unless they are countered by some anti-libertarian political measures. Several essays, indeed the most philosophical ones, in *Two Cheers*, reiterate this warning.

Essentially this point is made by the impressive contemporary literary figure, Aleksandr Solzhenitsyn, as well as by the intellectuals within America's conservative wing (such as Russell Kirk, William F. Buckley and Dale Vree). The free society, most of them claim, gains its philosophic support from a false conception of human nature. The free society is said to rely on the view that all persons are motivated exclusively by selfish or acquisitive or materialistic drives. Since the free market promises to allow the most efficient realization of such drives, it is the system which is most natural or suitable to human beings in society.

This value-free argument for capitalism has, of course, been advanced by some individuals, mostly those who have developed their intellectual skills in connection with the study of economics. Milton Friedman, from an empiricist (or positivist) outlook, and F. A. Hayek, from a neo-Austrian (praxiological and neo-evolutionist) perspective, do appear to base their case for the free society on such a view of human nature. Because a philosophical case for the free society has not been advanced since Herbert Spencer's unsuc-

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cessful effort (which also eschewed the needed normative approach), such economic arguments have indeed been the most prominent in our days.

Yet, it seems to me that Professor Kristol might have tried his hand at at least imagining what might be a far more philosophically robust case for the free society. Granted, as he once put it, that he does not regard Miss Rand as a formidable or serious thinker, one wonders whether he has ever tried to take a close look at any of Rand's essays in *Capitalism: The Unknown Ideal.* Be that as it may, Kristol might have considered the moral philosophy of John Locke or of the Founding Fathers, or the position of Professor Harry V. Jaffa who echoes them today. Had he done this, he would have found at least the beginnings of a moral argument for the free society.

Certainly, scholars disagree over the interpretation of Locke's thought. The idea, however, that the moral nature of man, his capacity to choose between good and evil and the personal, individual responsibility to choose the former, requires that the community in which he lives protect and preserve for each individual his sphere of authority—this is the essence of the free society. This idea, in my view, more than any other, gives capitalism, the economic system of a community, with a legal system based on the theory of natural rights, its moral foundation. Admittedly, the view that man has a moral nature needs extensive demonstration but one should not expect economists to undertake this task. Chiding, therefore, Friedman and Hayek, as Kristol does in the crucial chapters of his book, is rather beside the point.

A far more rewarding experience awaits the reader of Professor Devine's book. We are introduced right away to the most crucial question underlying any political system, namely, why *should* we choose it over others. In his interesting, if not uncontroversial, rendition of the Lockean argument for the free society, Devine shows that

> The free society which has a government . . . is *not* one which ignores the other freedoms, is value-free, or is without virtue as held by some interpreters. Rather, the free society assumes the other values and is distinguished from alternative ones only in the *locus* of its values and virtues, which are placed in individuals within society as opposed to the state.

Devine here answers Irving Kristol's charges directly: "This distinction between society as the repository of virtue and the state as only a *means* to regulate coercion, indeed, is what defines the free society."

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Does Freedom Work? is a calm and deliberate restatement of the Lockean case for the free society, but it does not end there. Devine demonstrates that claims that the free society is primarily designed for sheer economic advancement, that there is no connection between political liberty and political justice, or that the free society breeds immorality are simply false and play into the hands of totalitarians. We are shown that Adam Smith did not advance a purely economic case for laissez faire; that the founders of modern capitalism were well aware of the great role of personal virtue in human community life; that while the utilitarian considerations about productivity are insufficient to defend the capitalist system, such evidence as exists gives full support to capitalism's overall superiority in the relevant matters of wealth, health, desirability, longevity, and, interestingly, equality of opportunity and, relatively speaking, results (when properly assessed).

Devine shows the great folly of compromising on the principle of liberty; he is far more sensitive to the dangers of compromise, far more distrustful of the pragmatic approach, than Professor Kristol and his numerous neo-conservative allies.

The great virtue of this book is that it exhibits an equal respect for theory and for data. It advances the normative justification that a sound political system must have and presents the evidence to show that such a system will indeed provide the results that may legitimately be desired from human community life. But Devine is equally prompt to disclaim any utopian promises for the free society. Kristol accepts the value of formulating utopian *ideals* (on the model of Plato's *Republic*, in which an ideal society is created "in speech"), but disapproves of attempts to attain it in actual practice. Devine, however, approaches normative issues in terms of the proper *standards* to which we must adhere to become excellent as persons or nations. The difference is crucial, both substantially and methodologically. With Kristol's second best approach, one allows that perhaps, just maybe, a little more effort could achieve for us the ideal. But there is no "end state" to achieve with Devine's view of politics, only a rationally ordered, dynamic system which must be kept intact by our own constant moral and political vigilance.

There is a problem with Devine's book in that he relies on a considerable amount of field work done by others in comparative statistics, as well as on work done by the author previously. But only Locke's and Adam Smith's moral arguments are appealed to, with some help from Devine, in support of the libertarian political outlook. Locke and Smith did not, however, advance a complete moral theory. Locke's own notions on what is the good life for man

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are obscure, even though there is ample evidence that Locke believed that such an idea is possible, indeed that we should all live this good life. But outside of Ayn Rand, and in recent years some of her students in the field of philosophy, there have not been any prominent moral theorists on whom Devine might draw.

The Need for a Philosophy of Freedom

The reason such support is needed is that simply affirming that human beings have a moral nature is not enough. This has to be demonstrated, especially in the face of elaborate assaults on the idea from men such as B. F. Skinner. To establish the moral nature of man, it is also necessary to give a correct general description of the morally good life for him. This is because unless such a description can be shown to be sound and capable of being implemented by all persons (not crucially incapacitated), the denial of the existence of man's moral nature is as plausible as its affirmation. For purposes of supporting the free society, this result would be devastating—totalitarianism and the free society would both appear to be theoretically equally well-founded.

This short essay, of course, is not the place to make headway toward what is required, namely a sound moral theory. It is important to note, however, that contrary to such thinkers as Professors Alan Gewirth, Virginia Black, F. A. Hayek, and probably Devine himself, it is not sufficient for a defense of political and economic libertarianism to *assume* that *some* theory of morality involving the need for freedom of choice (personal responsibility) is sound. Even if all other anti-libertarian normative positions are wrong, this does not prove that libertarianism is right.

The moral basis of the free society is, essentially, what is somewhat unclearly implicit in the wording of the Declaration of Independence. The idea is that each person is responsible for pursuing happiness in his or her life. But the happiness to be sought is not to be confused with the satisfaction of arbitrary desires, as many hedonists, utilitarians, and critics of such individualist ethics assume. Happiness is to be understood more along the lines of the Greek idea, as the success of a person as a human being and as the individual whom he (or she) is. A great deal is implicit in this formulation. I will refrain from trying to summarize the view further, but I want to suggest that its best rendition is now available in David

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L. Norton's recent work, *Personal Destinies, a Philosophy of Ethical Individualism.**

Another, but less crucial, point to be made about Devine's treatment of the foundations of the free society is that he speaks of the government's "single function of protecting life, liberty, and property." In fact, this is not the government's single function. It should protect and preserve the *rights* to life, liberty, and property. I doubt that Devine would disagree, considering the statist implications of taking the first formulation literally.

I also have some reservations about Devine's inadequate treatment of foreign affairs. This task would, of course, be a difficult one for a Lockean to tackle in connection with the contemporary international scene. Although Devine observes that the welfare state must ultimately neglect the task of adequate national defense, he does not take up the problem of whether a national security state, supported by many conservatives who also advocate limited government, might not make reduction of not just the size but the scope of government impossible. When government must stand ever so ready—for instance, face-to-face with the Soviets—to defend the nation, it can find it very easy to introduce controls, regulations, quotas, and so on, on the grounds that the national security would not permit the vicissitudes of the free market.

In summation, we have in Irving Kristol's book a collection of occasionally brilliant, insightful, even wise semi-pragmatic but not morally insensitive reflections on American culture. There is no effort to defend some integrated conception of where we should head or of what standards of right we should abide by. Kristol's work will not answer the challenge posed to Western liberal democracy.

In Professor Devine's book, on the other hand, we have a work that accomplishes two difficult tasks with reasonable success. It indicates the standards by which we can advance toward a more decent political society. It also shows why, in terms of these standards, the political culture of the United States of America is more decent than that of any other nation. The book might have reflected a bit more on some of America's failures—from the drastic antilibertarian features of America's history, such as slavery and the

*For the relationship between Norton's work in ethics and Lockean natural rights theory, see my "Natural Rights and Morality," forthcoming in the *American Journal of Jurisprudence*.

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draft, to the widespread breaches of the rule of law on many judicial fronts since 1840—but this is done often enough by others. With more careful work along the paths paved by Professor Devine, we might indeed manage not only to give a theoretically satisfactory reply to those who challenge the West, but actually to achieve a revitalization of the tradition of Western classical liberal politics. Indeed, we might make many improvements on the old model so that it becomes less vulnerable to assault.

Tibor R. Machan

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The Rapid Growth of the Welfare Industry

THE WELFARE INDUSTRY. *By Charles D. Hobbs.* (The Heritage Foundation, Washington, D.C., 1978.)

WELFARE: THE POLITICAL ECONOMY OF WELFARE REFORM IN THE UNITED STATES. *By Martin Anderson.* (Hoover Institution Press, Stanford University, Stanford, California, 1978.)

WELFARE REFORM AND THE CARTER PUBLIC SERVICE EMPLOYMENT PROGRAM: A CRITIQUE. *By David I. Meiselman* (Law and Economics Center, University of Miami School of Law, Coral Gables, Florida, 1978.)

Charles D. Hobbs, former Chief Deputy Director of Social Welfare of California, says in his important new book, *The Welfare Industry,* that the national welfare industry is "now comprised of 5 million public and private workers distributing payments and services to 50 million beneficiaries." For each of the 44 welfare programs identified and catalogued in the welfare system, Hobbs charts the history, eligibility requirements, benefits received, program overlap, and cost increase between 1971 and 1976. Total cost of these programs in 1976 was $187 billion; 1977 expenditures are projected at $210 billion and for 1979, approximately $250 billion.

Hobbs identifies four welfare industry goals. The first is to increase welfare expenditures at a faster rate than national economic growth. This goal has already been reached; the welfare industry grew at the rate of 25.11 percent a year between 1971 and 1976, "2.5 times the GNP growth rate and 3 times the growth of wages for the same period."

The second of the industry's goals is to centralize control and administration of welfare programs at the federal level. This goal is quickly being reached as "All but 2 of the 44 (programs) are federal programs and federal expenditures constitute 80 percent of total expenditures." And, federal control is almost totally centered in the Departments of Agriculture, Labor, HEW, and HUD.

Thirdly, there is a drive in the welfare industry for greater and greater complexity in the welfare system. This complexity results in program overlap. "Compounding of benefits through overlapping programs," Hobbs says, "is the major cause of the high welfare cost growth rate. Many welfare families are better off financially, by their participation in several programs, than are the families of

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workers whose taxes pay for the welfare." This causes a disincentive to work and increased dependency on the welfare system.

The fourth welfare industry goal is to increase continually the number of employees in the industry itself. This is revealed in the enactment of new all-service programs rather than the older style cash programs. Notwithstanding the lack of any real cost-effectiveness studies, approximately $2.5 billion annually is spent in so-called social services, and the call continues to go out to raise the ceiling. All this is despite the fact that one of the central aims of the 1962 Amendments to the Social Security Act—to alleviate dependency and reduce the welfare rolls—has never been proven to work in the fashion claimed.

Reform of the welfare system must be aimed at the welfare industry as a whole, Hobbs contends. He suggests that 1) the number of welfare workers be reduced, 2) the system be simplified, 3) control of the system be decentralized, and 4) expenditure growth reduced. Only then can welfare again be focused on "its true purpose: to help those who cannot help themselves."

Hobbs is clearly on the right track. One should, however, be wary of the siren call of simplification and emphasis on cash programs; President Carter uses these well-meant aims to attempt to secure support for a proposal which can only open new loopholes and escalate costs dramatically. Similarly, while the number of welfare workers can and should be reduced, it should not be through the substitution of a massive, mechanized system that has the poor quality control record of the federalized SSI (Supplemental Security Income) program. Hobbs is not suggesting this—but others might.

In 1963, Dr. Martin Anderson, then a young professor of economics at MIT, wrote what came to be regarded as the definitive work on urban renewal, entitled *The Federal Bulldozer.* He has now written the definitive work on the contemporary history of welfare reform. His new book, *Welfare: The Political Economy of Welfare Reform,* brilliantly analyzes the succession of welfare "reform" plans put together largely by the bureaucracy for the last four Presidents.

He points out the underlying reason all these welfare reform plans have failed is that there is a "conflict between what an elite group of welfare intellectuals wants and what the general public wants." (This same theme is stressed, of course, in Hobbs' *The Welfare Industry.*) Dr. Anderson goes on to summarize what appear to be the objectives of most Americans in dealing with this difficult problem; most people, he states, want to help the needy (but not those capable of taking care of themselves); most people also want

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a work requirement for those able to hold jobs and efficient and honest administration of the programs. When a welfare reform plan is presented to Congress which embraces these goals, it is my belief that Congress will adopt it.

The Democratic leaders of the Senate and House told President Carter on June 22, 1978, that his welfare reform plan must be shelved for the foreseeable future due to lack of support in Congress. Dr. David I. Meiselman, Professor of Economics at the Virginia Polytechnic Institute and State University had earlier analyzed this bill for the Law and Economics Center of the University of Miami. This study was published under the title, *Welfare Reform and the Carter Public Service Employment Program: A Critique.* Dr. Meiselman predicted that if, by some chance, this bill were to be enacted, higher unemployment in society as a whole would result. The costs, he argued, would also be much greater than those the Administration put forward. In addition, the many government-imposed barriers to employment and the obtaining of work skills (such as minimum wage laws) would still remain. There was also the real danger that a new "welfare class" would emerge among middle Americans whose incentives to work would in many cases be diminished. It is altogether a masterly analysis not only of what is wrong with a particular welfare bill but of what is wrong with our economy in general.

It is no exaggeration to say that it was due in large part to the rigorous and timely (I stress *timely*) research of these three authors that the Congress and public were alerted to the many problems inherent in 1978's so-called welfare reform bill. With these facts at hand, it is my opinion that the Congress has laid to rest forever the concept of a guaranteed annual income. And well they might, for an increasingly aroused and aware public (witness Proposition 13) is beginning to focus upon who it is that has been causing their tax expenditures to rise so dramatically in recent years—and to take decisive action to halt that escalation. Hobbs, Anderson, and Meiselman have performed a public service of the first order in marshaling the facts on the welfare issue and presenting them in such a clear and scholarly way.

Carl T. Curtis

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Soviet Strategy Toward The Trade Union Movement

THE KREMLIN AND LABOR: A STUDY IN NATIONAL SECURITY POLICY. *By Roy Godson.* (National Strategy Information Center and Crane, Russak, and Company, New York, 1978.)

Several years ago at a small dinner in Vancouver, Canada, I was introduced to the guest of honor, Georgi Arbatov, the peripatetic head of the Soviet Institute for the Study of the United States and Canada. I was presented to this influential Soviet official as someone who was a student of labor developments in the United States. I recall Arbatov's question which turned out to be his last: "What do you think will happen after [George] Meany goes?"

Knowing that Arbatov's interest was with the AFL-CIO's historically uncompromising attitude towards Communism and the Soviet Union, I said I did not expect much change in the international policies of the AFL-CIO after Meany because these policies were not some aberrant product of the "cult of personality." For among the few postwar failures of Soviet foreign policy aims, one of the most important (and to the U.S.S.R., one of the most crucial) failures has been the Soviet inability to penetrate the AFL-CIO or to influence its policies in a pro-Soviet or, to use the code-word, in a "pro-detente" direction. And, this failure comes after half a century of intensive effort to take over or to manipulate American trade union leadership in ways favorable to Soviet foreign policy.

The Soviet Union, from the first days of the Revolution, has involved itself in seeking to control free trade unions in the democratic world. While no one can know precisely how much the U.S.S.R. is spending on its campaigns to subvert trade unions, it is known that its leaders spend enormous amounts of money, time and manpower for the purpose of enlisting worker organizations in support of Soviet foreign policy aims.

I have never understood, nor can Dr. Roy Godson, author of the invaluable monograph under review, why the academic community and the media ignore the energetic and unrelenting activities of the Kremlin in the field of international trade unionism. When I say the academic community I am thinking of political scientists specializing in international relations or social historians who fail to encourage others or themselves to undertake as a continuing area of specialization the history of international trade unionism,

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particularly with reference to Soviet subversion. The whole subject, I suspect, is faintly distasteful to many academicians, because it smacks of cold war polemics and, therefore, can have no place in graduate school curricula.

Yet, here is an area of activity in which, according to Dr. Godson's highly informative study, the U.S.S.R. invests vast effort and finances as part of its transnational strategy. The whole subject might just as well not exist as something suitable for study by universities or something fit to write about in the American press or journals of opinion. Dr. Godson has for some years attempted to rescue the subject of international trade unionism from the oblivion wished upon it by academics and journalists. The Georgetown professor's book, *American Labor and European Politics*, published last year, was a major contribution to postwar history and political science.

Dr. Godson's study goes into great detail about Soviet labor activities not only in the U.S., but in the rest of the world. He notes that the Soviet Union has been most successful in establishing trade union relationships with the non-communist movements in Western Europe and with the nascent trade union organizations in Asia, Africa and in Latin America.

The author takes as his theme "the role of organized labor as an instrument of Soviet national security policy." Fully to understand this role, it pays to fall back on the old Latin phrase: "*Cui bono?*" Why does the Soviet Politburo regard trade unions and their leaders as meaningful targets of opportunity? In answering this question, Dr. Godson argues, one can find indications of the direction of Soviet overall behavior in international affairs. Soviet perceptions towards trade unionism are based on three major phenomena of our century, according to Dr. Godson.

1. The U.S.S.R. believes that the international labor movement has become so important in world affairs that it can play a role in shifting the balance of forces in a pro-Soviet direction.

2. The U.S.S.R. believes that the socialist world is gaining strength while the capitalist world, unable to solve its socio-economic problems, grows weaker.

3. "Peaceful coexistence" or detente is a form of class struggle and a method of weakening capitalist states by intensification of the ideological struggle.

In line with these perceptions, international trade unionism becomes a significant transmission belt for achieving the aims of Soviet

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national security policies. Dr. Godson suggests six ways in which Soviet strategists use organized labor for their own purposes.

1. Trade unions can be transformed, in Leninist terms, into "schools of communism." And when one notes the huge memberships enrolled in the communist-directed and controlled national labor organizations in France and Italy, the slogan takes on sinister significance.

2. Trade unions can be used to infiltrate the government of the modern industrial state, an infiltration which would, of course, include communist party trade union officials.

3. Political strikes can be called and the workers used, under communist direction, for paramilitary activities.

4. Labor can be controlled in strategic industries in the hope that at the right time a successful coup d'etat can be engineered by pro-Soviet national leaders.

5. That unions can be used for espionage is well known to the Kremlin. Communist union officials in France were convicted of spying on military activities on the waterfront.

6. During wartime, union members could be used to sabotage resistance to Soviet military tactics.

With this analysis as background, Dr. Godson then documents the ceaseless activity of the Soviet Union in the industrial world. This activity is directed by what he calls a Soviet labor "Politburo," comprised of six top-flight Soviet leaders who are responsible for Soviet policy in the international labor field. The U.S.S.R. employs in this field a transnational strategy; in other words, it seeks to influence both governments and important nongovernmental sectors throughout the world to support Soviet foreign policy. The Soviet Union, Dr. Godson suggests, understands one big truth about the world today, a truth little noted in the West. Dr. Godson writes, "Interacting with political parties, the military and other important actors, control of the labor movement is one of the important factors affecting the outcome of the struggle for power in many countries."

If Dr. Godson's judgment is correct, and I have no doubt at all that it is, then it is of the utmost importance for democratic governments and free trade unions to understand Soviet national security strategy and its relationship to organized labor, particularly as this institution takes shape in the currently non-industrial world.

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Dr. Godson's statistics and details about Soviet labor activity should shatter any illusions about the meaning, in Soviet terms, of detente. *"Cui bono"*; for whose good are these Soviet activities? Dr. Godson's scholarly researches provide us with an answer to that question. As such, his book is indispensable for a full grasp of Soviet foreign policy.

Arnold Beichman

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The Changing Trends in the U.S.-U.S.S.R. Military Balance

AMERICAN AND SOVIET MILITARY TRENDS SINCE THE CUBAN MISSILE CRISIS. *By John M. Collins.* (The Center for Strategic and International Studies, Georgetown University, Washington, D.C., 1978.)

During the past several years a growing body of evidence has accumulated on the unprecedented growth of the military power of the Soviet Union. This evidence, like the Soviet build-up itself, has gathered a momentum all its own, and with it has grown up—proportionately—a chorus of voices demanding an American response. At first, these individuals (like Churchill during the 1930s) were dismissed as part of the lunatic fringe—a right-wing reaction to Kissinger and the SALT talks. Such "hysteria" received little publicity—and most of it unfavorable—in the "responsible" press.

By 1975, however, things began to change. No longer was the alarm being called by the Right; no longer could the estimates of a vast revolution in Soviet power be easily dismissed. The formation of the Committee on the Present Danger, founded by such experienced and respected liberal Democrats as Eugene Rostow and Paul Nitze, led to a sharp turn in public opinion. The obvious challenge of Soviet strength, furthermore, stimulated a national debate sparked by such revelations as the one in which the CIA acknowledged that it had erred by as much as 50 percent in previous estimates of Soviet defense spending. The famous "Team B" intelligence report on Soviet defense spending sharpened the debate even further.

A potpourri of articles and newspaper accounts, in the meantime, brought fresh evidence on the growth of the Soviet military. There was the article by Harvard Professor Richard Pipes in *Commentary* (July 1977) which showed the profound differences in thinking on nuclear warfare between Soviet and American leaders. Former Defense Secretary James Schlesinger's article in *Fortune* (February 1976) compared the Soviet build-up to that of the Germans under Hitler. Melvin Laird's article in *Reader's Digest* (December 1977) demonstrated Soviet violations of SALT I as a part of their singular drive toward military supremacy.

On it went. Even Henry Kissinger—then out of office—belatedly joined the fray, pointing out in several speeches how the Soviets were attempting strategic encirclement of the West. No less than

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the media themselves then started to pay attention. ABC produced a television documentary in the Spring of 1978 which demonstrated the lack of readiness of U.S. NATO defenses, with a surprisingly pessimistic conclusion on the condition of the All Volunteer Force.

Now that we have come nearly full-circle in our understanding of the nature of the Soviet threat—although "doubting Thomases" still remain—there has arrived on the American market a masterful presentation of the facts. Out of nowhere has appeared John Collins—until recently, a relatively unknown retired Colonel, and currently a senior military analyst for the Library of Congress.

In 1976, Collins first made news by the publication of a concise and objective comparison of trends in Soviet-U.S. military strength. This document, which was commissioned by the Senate Armed Services Committee, was the first study which pointed out—to the Congress and to the American people—the devastating momentum of the military build-up of the Soviet state. In essence, it constituted a warning and, as a result, Collins became instantly controversial. Nonetheless, he did no more than chronicle the evidence. Nor has there yet appeared in print a serious challenge to his compilations.

A second study was then commissioned by the same Senate Committee which, after a series of mysterious backroom political delays, refused to print it. Although, this did not *necessarily* constitute a disavowal, there was a widespread belief—in and out of the Congress—that the second study was, in fact, "suppressed" (a term used in many press accounts since it contradicted the relatively optimistic account of the strategic balance contained in the Administration's PRM-10 study). Eventually, the second Collins book was read into the *Congressional Record* by Senator Jesse Helms.

Collins' case was then taken up by Congressman John B. Breckenridge, who, in June 1977, commissioned still a third study, the result of which is under review in this article.

American and Soviet Military Trends Since the Cuban Missile Crisis is Collins' *magnum opus*. It is the result of literally years of study, comparison, and compilation of military statistics and analyses. It dwarfs anything ever published on this subject in the past, including his first two works. Nothing like it exists and there is little likelihood of any serious competition in the near future.

Collins is not an ideologue, nor is he a policymaker nor a political analyst. His forte is objectivity and factual compilation. His book shows the *trends* since 1962. It does not engage in a critique of major decisions, policies or individuals. It is neither left-wing nor right-wing. It is a straight-forward, comprehensive and authorita-

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tive review of all major military facts about the U.S. and the U.S.S.R. since the Cuban missile crisis.

It would be impossible within these few lines to render justice to the massive nature of this book. Starting with a brief but brilliantly-worded Introduction by Congressman Breckenridge, the Collins book—including charts, graphs and maps—has 480 pages. It is divided into four sections: comparisons of "security interests," "separate strengths" (by far the most important and largest section), "NATO and The Warsaw Pact," and "issues and options." It has a full glossary of military terms, an index, 47 figures, 14 graphs, and 21 maps.

Collins is a strategist by profession, not a politician. To those who seek defense increases across the board he responds that "bolstering budgets would produce few benefits unless coupled with sound strategy." He views the future, nevertheless, with grave concern. He sees America's vaunted technological supremacy as slipping fast, the ICBM force as becoming dangerously vulnerable to a Soviet first strike, NATO's conventional strength decidedly inferior to the Warsaw Pact's and the U.S. Navy as entering "an era of reduced options and reinforced risks."

While generally avoiding the subtle nuances of Soviet-American relations (such as the policy of "detente" or the strategic problems of the Russian-Chinese border), the Collins book has already sent its first shock waves across the ocean. A recent review in *The Times* of London, for example, concluded that:

> Above all it is now clear that the mighty United States, dependence on which we all accepted as our only guarantee, may not provide that guarantee for very much longer. And if that grim prediction is not to come true we, her allies, must help with what might and main we can.

If there are those on either continent who still doubt the seriousness of the Soviet military drive, or the increasing danger of the Western allies in the face of this drive, Collins' book should dispel such doubts. The main point which he makes—that unless the trends change soon they will be irreversible—has been painstakingly demonstrated throughout the book.

Thus, Collins will probably still remain a figure of discussion and controversy. Many will simply refuse to believe his facts; others may choose to ignore them (the victory of ideology over evidence). The aura of mystery which surrounded its alleged "suppression" will probably remain with it.

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Nevertheless, the publication of this volume by the Georgetown Center for Strategic and International Studies represents an intellectual watershed in the history of the Cold War. Seldom has a publication of such depth and comprehension—on any Cold War subject—appeared. If future generations are forced to come to terms with an aggressive, ebulliently confident and massively powerful Soviet Union, they will never be able to lay claim that there were no warnings. Those days are now behind us.

John J. Tierney, Jr.

A Strategy for the West

STRATEGY OF SURVIVAL. *By Brian Crozier.* (Temple Smith, London, 1978, and Arlington House, New Rochelle, N.Y., 1978.)

Brian Crozier's latest work is, in many ways, his most important. His earlier books were fascinating biographies (Franco, Chiang Kai-shek and de Gaulle) or more suited to the specialist *(Theory of Conflict).*

This work falls in a different category since it appeals to a general audience. It catalogues the unchanging conflict between the West (the "Target Area" in Crozier's phrase) and Marxism-Leninism. Some of us were last reminded of it when Soviet armor rumbled through Prague in 1968 or by Solzhenitsyn's moving addresses. Crozier, with his historical perspective, brings it up to date and paints a gloomy picture of how the Target Area has shrunk since 1945 because of the West's inadequate strategic analysis.

He outlines a positive series of steps on which a forward strategy can be built. If we adopt them, we can win. As he—and others—have noted, all that is lacking is the will among the leaders of the West. If the clear thinkers like Crozier in *Strategy of Survival* are heard, the backbones of our political leaders will be stiffened and we may yet make it.

E. J. F.

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IL POLITICO

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New Books and Articles in Public Policy

Alan Altshuler (special editor)
"Symposium on Current Issues in Transportation Policy" (*Policy Studies Journal*, Autumn 1977).

American Enterprise Institute
Tax Cuts and Tax Reform: The Quest for Equity (American Enterprise Institute, Washington, D.C., 1978).

American Legislative Exchange Council
1978-79 Suggested State Legislation (American Legislative Exchange Council, Washington, D.C., 1978).

Randy E. Barnett and John Hagel, III (editors)
Assessing the Criminal: Restitution, Retribution, and the Legal Process (Ballinger Publishing Co., Cambridge, Massachusetts, 1978). Among the authors who contributed to this collection of essays are: James Q. Wilson, Edward Banfield, Mario Rizzo, Walter Kaufmann, and Richard Epstein.

Gerald J. Bender
"Angola, The Cubans, and American Anxieties" (*Foreign Policy*, Summer 1978). Provocative essay attacking the "globalist" view of U.S. foreign policy.

Richard J. Bishirjian
"The Public Philosophy in American Democracy" (*The Intercollegiate Review*, Summer, 1978).

Richard E. Bissell
Southern Africa in the World: Autonomy or Interdependence? (Foreign Policy Research Institute, Science Center, Philadelphia, Pennsylvania, 1978). Citing the failure to ask questions of interest to both sides as the major cause for the conflicts between South Africa and the rest of the world, Mr. Bissell discusses the potential interdependence between these two parties, especially between southern Africa and the United States.

Roger D. Blair
ERISA and the Prudent Man Rule: Avoiding Perverse Results (Center for the Study of American Business, Washington University, St. Louis, Missouri, 1978).

Rhodes Boyson, M. P.
Centre Forward: A Radical Conservative Programme (Temple Smith, London, 1978). One of the most articulate of Conservative M.P.s sets forth a program for responding to the wishes of the great majority of the people, primarily by setting them free to make their own economic and educational choices.

Colin D. Campbell
The 1977 Amendments to the Social Security Act (American Enterprise Institute, Washington, D.C., 1978).

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Capitalism and Culture (Rockford College Institute, Rockford College, Rockford, Illinois, 1977). Last autumn the Rockford College Institute held a seminar where Robert Nisbet, Barbara Shenfield, Arthur Shenfield, Leopold Tyrmand, John Howard, among others delivered essays. This volume is a collection of their presentations.

John Chamberlain

Wanted: A Journalism That Understands Technology (U.S. Industrial Council, Washington, D.C., 1977).

Tim Congdon

Monetarism: An Essay in Definition (The Centre for Policy Studies, Wilfred Street, London, SW1, England, 1978).

Freedom in the World: Political Rights and Civil Liberties, 1978 (Freedom House, New York, New York, 1978). Freedom House details the nature, current condition, and prospects of freedom in every nation in its first in a projected series of annual yearbooks.

L. Thomas Galloway

Recognizing Foreign Governments: The Practice of the United States (American Enterprise Institute, 1978). For more information on this AEI Study in Foreign Policy which details the reactions and policy of the United States toward governments which come to power by extraconstitutional means, contact: AEI, 1150 17th St., N.W., Washington, D.C. 20036.

H. C. Gordon

Understanding the Product Liability Crisis (The United States Industrial Council, Nashville, Tennessee, 1978).

Colin S. Gray

"The Strategic Forces Triad" (*Foreign Affairs*, July 1978).

Don F. Hadwiger, William P. Browne, and Richard Fraenkel (special editors)

"Symposium on Agricultural Policy" (*Policy Studies Journal*, Summer 1978).

David Harrison, Jr.

"Controlling Automotive Emissions: How to Save More Than $1 Billion Per Year and Help the Poor Too" (*Public Policy*, Fall 1977).

Thomas L. Hughes

"Carter and the Management of Contradictions" (*Foreign Policy*, Summer 1978). A brilliant and controversial article by the president of the Carnegie Endowment for International Peace on the inherent problems of foreign policy in a democracy; a mirror for princes.

The Institute for Liberty and Community

Decentralist Bookshelf (The Institute for Liberty and Community, Concord, Vermont, 1978). This is a newly created and continually updated complementary listing of decentralist periodicals.

John Jewkes

Delusions of Dominance (Institute of Economic Affairs, London, England, 1978). *A Return to Free Market Economics?* (Holmes & Meier Publishers, New York, New York, 1978). This collection of essays by the former President of the Mont Pelerin Society and Oxford professor examines the interactions of economists and governments in their efforts to influence the workings of the economy and the results of those efforts.

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M. Bruce Johnson (editor)
The Attack on Corporate America (Law and Economics Center, University of Miami, Coral Gables, Florida, 1978). This corporate issues sourcebook discusses the controversy now surrounding large American corporations. Kenneth Clarkson, Harry Bloch, Robert W. Clower, Allen Hyman, Robert Tollison and others contribute essays.

Michael E. Kraft and Mark Schneider (special editors)
"Symposium on Population Policy" (*Policy Studies Journal*, Winter 1977).

Hilton Kramer
"The Political Threat to the Arts" (*The New American Review*, April/May 1978). For more information about this new journal of civility and the arts, write to: 15 Burchfield Ave., Cranford, N.J. 07016.

J. Clayburn La Force
The Energy Crisis: The Moral Equivalent of Bamboozle (International Institute for Economic Research, Los Angeles, California, 1978).

Leonard P. Liggio (editor)
Literature of Liberty (The CATO Institute, San Francisco, California). This new quarterly journal features in each issue a bibliographical essay on a topic by a prominent libertarian scholar as well as over 100 synopses of other writings. For further information, contact: Leonard P. Liggio, Editor, *Literature of Liberty,* CATO Institute, 1700 Montgomery Street, San Francisco, California 94111.

S. C. Littlechild
The Fallacy of the Mixed Economy (The Institute of Economic Affairs, London, 1978).

Henry G. Manne
The Political Economy of Modern Civilization (Center for Independent Education, Box 2256, Wichita, Kansas 67201, 1978).

William J. Marshall, Jess B. Yawitz and Edward Breenberg
Optimal Regulation Under Uncertainty (Center for the Study of American Business, Washington University, St. Louis, Missouri, 1978).

Walter J. Mead
Energy and the Environment: Conflict in Public Policy (American Enterprise Institute, Washington, D.C., 1978).

Roger E. Meiners
Victim Compensation: Economic, Legal, and Political Aspects (Lexington Books, Lexington, Massachusetts, 1978). In response to the proposed federal program subsidizing victims of crime, Roger Meiners surveys the existing public assistance programs for victims and concludes that further legislation is unnecessary.

Bruce Palmer, Jr. (editor)
Grand Strategy for the 1980's (American Enterprise Institute, Washington, D.C., 1978).

Rudolph G. Penner
Social Security Financing Proposals (American Enterprise Institute, Washington, D.C., 1978).

Stefan T. Possony and L. Francis Bouchey
International Terrorism: The Communist Connection (American Council for World Freedom, Washington, D.C., 1978).

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William B. Prendergast
Mutual and Balanced Force Reduction: Issues and Prospects (American Enterprise Institute, 1978).

Public Opinion (American Enterprise Institute, Washington, D.C., May/June 1978). This issue includes an interview with Dr. Henry Kissinger and Senator Daniel Moynihan who discuss the question: "Is there a crisis of spirit in the West?"

Rising Costs in Education: The Federal Response (American Enterprise Institute, 1978) Among the panelists included in this edited transcript of an AEI Public Policy Forum are: Thomas Sowell, Professor of Economics, University of California, Los Angeles; John Ryor, President of the National Education Association; and Bob Packwood, U.S. Senator and coauthor of the Packwood-Moynihan tuition tax credit bill.

Benjamin A. Rogge
Financing Private Education in the United States (Center for Independent Education, 1978).

Aleksander Solzhenitsyn
"A World Split Apart" (*National Review,* July 7, 1978). *National Review* has performed a service by publishing the entire text of the controversial Harvard address.

James A. Thurber
"Policy Analysis on Capitol Hill: Issues Facing the Four Analytic Support Agencies of Congress" (*Policy Studies Journal,* Autumn 1977).

David Treen, M.C. (editor)
Can You Afford This House? (Caroline House Publishers, Ottawa, Illinois, 1978). In a paperback edition, twenty-six conservative Republican House members suggest politically feasible alternatives to current policy initiatives of the House leadership.

Leopold Tyrmand
"The Cult of Deficient Thinking" (*Chronicles of Culture,* March/April 1978). This is the feature article for the bi-monthly publication of the Rockford College Institute. Among the book reviewers and essayists are: Paul Gottfried, Nancy Mohrbacher, Thomas Molnar, and Edward J. Walsh. For further information, contact: Leopold Tyrmand, Assistant Director, Rockford College Institute, Rockford, Illinois 61101.

D. C. Watt
"A Return to Americanism? The Foreign Policy of President Carter" (*Political Quarterly,* October-December 1977).

Barry R. Weingast
Congress, Regulation and the Decline of Nuclear Power (Center for the Study of American Business, Washington University, St. Louis, Missouri, 1978).

Robert K. Yin
"Production Efficiency versus Bureaucratic Self-Interest: Two Innovative Processes" (*Policy Sciences,* December 1977).

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—Dr. John A. Howard
The Rockford Papers, August, 1977

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—Leopold Tyrmand
Chronicles of Culture, July, 1978

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